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COLONIAL ADMINISTRATION

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Colonial Administration

BY

PAUL S. REINSCH

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"WORLD POLITICS," "COLONIAL
GOVERNMENT," ETC.

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PREFACE

In offering this comparative study of the methods of colonial administration the author is fully aware that the time is not ripe for a complete and conclusive statement of the principles involved. Many of the experiments dealt with are of so recent an origin that their outcome is still entirely problematical; in fact, it may be said that the entire policy of governing distant and alien dependencies is still on trial. The purpose of this volume is to furnish a statement of the various problems confronting colonial governments; and to indicate the main lines of solution that have been attempted; selecting from the vast amount of available material the most striking illustrations. It intends to give a survey of the varied activities of colonial governments, the institutional framework of which has been outlined in an earlier book in this series.

A part of the first chapter of the book was read by the author at the International Congress of Arts and Sciences at St. Louis, and a part of the second chapter has been published in the *American Journal of Sociology*. The author desires to express his obligation to Mr. J. W. Gannaway, and to Mr. Horatio B. Hawkins, students at the University of Wisconsin, for valuable assistance and proof reading.

PAUL S. REINSCH.

MADISON, March 1, 1905.

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Egyptian pound sterling (£E).....	\$4.94,3
French franc.....	.19,3
German mark.....	.23,8
Indian rupee R ($R \times = 10$ rupees).....	.32,4
Dutch florin.....	.40,2
Japanese yen.....	.49,8
Mexican dollar (fluctuating).....	.44,3

TABLE OF ABBREVIATIONS OF TITLES

N. A. R.	North American Review
Pol. Sc. Qu.	Political Science Quarterly
Q. D. C.	Questions Diplomatiques et Coloniales
R. P. et P.	Revue Politique et Parlementaire
R. d. D. M.	Revue des Deux Mondes
Ann. Am. Ac.	Annals of the American Academy
B. z. K.	Beiträge zur Kolonialpolitik
Inst. Col. Int.	Institut Colonial International
Ann. d. Sc. Pol.	Annales des Sciences Politiques
Proc. R. C. Inst.	Proceedings, Royal Colonial Institute
Ec. J.	Economic Journal

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CHAPTER I

INTRODUCTION

Future students of political evolution will note a strange similarity between the theories which are now being advanced to defend imperialistic expansion and that humanitarian optimism which animated the period of the French Revolution. The ideas through which the French Revolution attempted to conquer the world were based upon an intense and undoubting belief in the equality and uniform virtue of human nature. Freed from the shackles which perverted forms of society had forged, humanity would again be true to itself, would follow its rational impulses, and under sane institutions, inherit a millennium of peace and happiness. These hopes of a young century were bitterly disappointed in its later years. It became impossible to realize the unity of civilized mankind, and the narrower feelings of nationalism and race antipathy completely overbore the earlier enthusiasms. But at present, when a new and universal forward movement of civilized society is taking place, the same ideals are again appealed to. Humanity is one, and those members of the brotherhood who, through barbarous customs and irrational institutions, are

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kept in a state of backwardness are to be led out into the light of freedom and reason and endowed with the multiform blessings of civilization. Many of the races embraced in this ideal love are as little inclined to accept the dispensations of a human providence as were the European nations who resisted the spread of revolutionary ideas as interpreted by Napoleon. Their resistance may, however, turn out to be less formidable, and so the course of history may not repeat itself. The experiment may be more successful this time than it was before, and a new era may actually be dawning upon the outlying regions of the world.

But if this forecast is to come true, it will be due primarily not to the general ideas to which we have just referred, but to certain great economic changes which have taken place during the last century and which have laid a material foundation for a world-wide organization of social life. The movement began a few centuries ago with the creation of commercial stations along the coasts of Asia, Africa, and the Eastern Archipelago. The basis of intercourse was then frankly commercial. There was no attempt to interfere with the interior social and political arrangements of the native races, and only in India, where the British were spurred onward in the course of empire by the ambitions of the French conquerors, and in the Dutch possessions and other plantation colonies, which were looked upon as estates waiting exploitation, was there any penetration of the interior regions. But

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after the middle of the last century, the great advance made in the rapidity and ease of communication revolutionized the entire movement of colonial activity. Being brought so much nearer to the European countries, the undeveloped regions in general came to be looked upon as promising fields for the investment of capital in the extractive and agricultural industries. This implied a far different relation to internal affairs than had obtained before. While the merchant had been satisfied with small trading stations or river hulks, the colonial entrepreneur looked to the interior regions for an investment of his capital. It was essential to him that these regions should be made accessible and that within them law and orderly conditions should be established, that a steady labor supply should be provided, and that as far as possible the mechanism of western industrial life should be introduced. The inevitable result of such changes was the demand for political sovereignty over extensive tracts of territory. The struggle for colonial possessions commenced, and with great rapidity Africa was divided among the colonizing nations while pre-emption rights were claimed in other unoccupied regions. Having thus forcibly seized upon large tracts of land and established a claim of sovereignty over their inhabitants, the nations engaged in this movement looked for some moral principle upon which this procedure could be defended. At this juncture it was very natural to fall back upon the earlier theories of the unity of mankind

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and of the destiny of rational civilization to embrace the entire globe. The missionary spirit was evoked, the duties of the civilized nations towards the less fortunate were unfolded, and the whole movement was represented as one of altruism and benevolence.

This intermixture of economic forces and idealistic moral impulses has brought great confusion into the entire political thought of our period. So chaotic is its condition that many minds have despaired of discovering in the entire movement of expansion any vestige of the moral sense. They are ready to stamp the entire idealistic theory as pure cant, consciously designed to veil a most selfish type of aggression. They point out that while we preach the doctrine of universal brotherly love, we look with disdain upon nations, no matter how highly civilized, who differ from us in the least shade of color; we abolish slavery, and under the pretext of providing a moral education for the natives, introduce forced labor; we preach peace while we are stirring up into warlike feelings societies that for ages have lived in a condition of peacefulness; we cry for the open door, meanwhile plotting all the time to reserve to ourselves the markets over which we can exercise any control; and while our science has made the idea of evolution an ingrained part of our being, we carve up the world into artificial tracts and attempt to impose upon the natives an alien system of social institutions. Such contradictions invite the suspicion that we have here to

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do with a vast aggressive movement of national selfishness, which is simply paying a bare and empty respect to ideas of morality that in practice are totally disregarded. And yet such a conclusion would hardly be just. In the complex system of thought which directs the action of our time, the enthusiasm for the ends and purposes of civilization is more than a mere veil of selfishness; but it remains to be determined how this idea can have any effectual influence in the constructive work of colonial administration.

Like strong personalities, the modern nations are filled with a desire to impress the mark of their genius upon the world. While there are many ways in which this may be done, one of the most obvious is that of gaining followers for their ideas of life and civilization. Nations desire wealth, and expand their trade; they desire prowess, they create great industries and maintain powerful navies and armies; but in their heart of hearts there can be no truer gratification than that of hearing their language spoken in a strange land, than having their customs and institutions acknowledged as superior by other races. This leads to the conception—surely not ignoble—that the area of civilization is expanding and that by the patient efforts of centuries one nation after another will be raised to a higher level of social efficiency and allowed a greater share of social happiness. As from the small altar of civilization in Greece, the torches were carried to the east and west, even by the armies of Alexander

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and Caesar, the imperialists hope that this same heritage, enriched by the achievements of many intervening centuries, will henceforth be spread throughout the globe by the peaceful means of economic development, supported only when absolutely necessary by the arm of force.

But we have already seen how unsafe a guide an ideological conception like this will ever be. In order that it should become useful, we must avoid the danger of a vagueness which would include all manifestations of expansive energy under its mantle of approval. We must analyze the forces at work in order to determine which of them are really in accordance with the aims and the character of civilization. We must inquire what our civilization demands, and what constructive elements in a colonial policy may be judged to flow from its character and essence. Our own civilization is the only criterion we can apply, because, while we may despair of being able to bestow its outward blessings upon alien races, we must in our relations with them be governed by the inherent laws of our own rational nature. An attempt to act otherwise would imply a claim to the wisdom of Providence in ordering the destinies of alien races. But we are on safer grounds when we conclude that we are entitled to do what is natural to our own civilization and what its character demands, and as long as we do not depart from its principles in our intercourse with other races, we shall not have to reproach

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ourselves, at any rate, with having deserted the only clear guide we have.

Colonial expansion must first be judged from the point of view of the needs of our own civilization. To what extent is it a normal result of those forces which constitute the civilization of the West? The conception that the whole movement is undertaken in an unselfish spirit in order to help the less fortunate races cannot be seriously considered. Nations that have so many unsolved problems at home would be stultifying themselves by trying to straighten out the difficulties of others. Unless a vital need of our own civilization for this very expansion and interference with other races can be shown, it cannot claim any justification on humanitarian grounds, because we have no way of proving that our political interference with others will be necessarily beneficial to them. When we inquire what are the truly essential characteristics of our civilization which distinguish it from all others, we will perhaps find in the last analysis that they are mobility, concentration, and mastery over the forces of nature. In no other society are the individual members so independent, so able to move within the social body, to determine their own development, and to bring their energies to bear in a variety of places and manners. No other society has so high a concentration of individual forces for social ends. No other society has achieved so complete a mastery over the productive and impellent powers of nature. Out of these characteristics the expan-

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sion movement has naturally developed. It was impossible to restrict the mobility of social forces to national boundaries. Passing beyond, they for a time escaped social control, and the action of the individual adventurers by no means always redounded to the credit of civilization. It was found necessary to follow them up and to bring social conscience and control to bear upon them in the new regions which they had penetrated. The principle of concentration naturally led to the demand that the new regions whose resources were being opened up, should be brought into close relations with the national industrial life to which they are subsidiary. Finally, the great problems of the control and utilization of the vast productive forces of the new continents invited the ability trained in the narrower European field to prove its mettle in coping with greater difficulties.

It has been urged that since the characteristic mark of modern economic life is the intensiveness of its methods, the attempt to spread economic effort over larger areas would probably mean the return to the barbarian system of exploitation. According to this view we have to choose between the constantly more productive intensive culture of a smaller territory and the extensive exploitation of ever widening areas. A real danger is here pointed out. If on account of the rapid and easy profits gained through a reckless exploitation of the natural wealth of new regions, our capital should neglect the steady inten-

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sive improvement of industry at home, a marked retrogression would be sure to set in. Our industrial supremacy would be threatened and our social life corrupted, on the one hand by a degeneration of industries at home, on the other hand, by a wealth too easily gained and by the consequent rigid stratification of society. The lesson to be drawn from this objection, therefore, is that by all means reckless exploitation in the new countries is to be made impossible, not only in order to protect the inhabitants of these regions, but also to prevent a very dangerous reaction upon our own industrial and social life. But if a sane and rational policy of economic development should be followed, it is difficult to see why it is not justifiable to extend intensive methods to wider areas, and to introduce a productive economy into regions where at the present time barbarian exploitation holds undisputed sway.

It has also been urged that the present movement only emphasizes the nervous restlessness of western civilization. We have given, it is said, too much attention to means, too little to the ends of life, and in the great movement that we are now undertaking, we are striving simply for new means, we are erecting a vast mechanism which will embrace the entire world and crush it into dreary uniformity. What result are we aiming at in the construction of this vast machine? Who is to be happier for it? How can it conceivably increase our happiness or the happiness of the native populations who are turned from their

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natural mode of existence, and forced to adopt a new and irksome way of life? Questions like this are too general in their reach to admit of a conclusive answer. We may grant that our civilization is lacking in definiteness of aim, that its general tendencies are confused and uncertain, but may it not be that in the contact with the older civilizations of the Orient, it will be led to a new interpretation of life? Such would seem to be the natural outcome. When once the world has been organized as a system of civilized states and future expansion becomes impossible, we shall of necessity have to seek satisfaction in static rather than in dynamic ideals.

In contemporary thought the idea is often expressed, or at least suggested, that our civilization is to be the ruling force in the future, in this sense, that all other civilizations are to be subservient to it, and that the Western races are to form a privileged caste. A conception such as this is untrue to the fundamental characteristics of our civilization. A return to the caste system, even with our race as the ruling order, would be a denial of the essential principle of social mobility. The wealth that would be drawn from the subject territories under a system of this kind, would inevitably lead to national degeneracy. The social and political attitude thus introduced would have a most pernicious reflex influence upon the internal institutions of the Western nations. As they are not so constituted as to form in themselves a compact caste, the result would

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be that an inflexible social stratification would be developed within them, and the laboring classes reduced again to a position of virtual serfdom. It is due therefore to the very ideals which constitute our superiority and secure our welfare that we should allow to the territories which come under the control of the Western nations the same freedom of economic development which has rendered the latter powerful and prosperous.

The movement which we are considering carries with it the danger of a revival of actual slavery. As the former stages of evolution which our civilization has passed through began with the existence of a large slave population—in the ancient cities and in the societies of mediaeval Europe—so there is now, with the entry upon that phase in which the whole world will constitute a unified economic organism, an unavowed but powerful tendency to reduce a large part of mankind to a position of servitude. The belief in the perfectibility and ultimate unity of the human race is largely formal and present inferiority is treated as necessarily permanent. With the economic development of the new regions that are now coming under European control there is created a great demand for unskilled labor, far greater than the slight inclination of the black races to work prompts them to fill. It is not surprising, therefore, that the introduction of a system of compulsory labor is advocated. The dignity of labor is to be taught the natives by force, and methods which we have been accustomed to

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consider among the worst abuses of slavery are freely advocated as the only means of endowing the backward races with the progressive spirit of industry. Should this tendency continue to gain strength, it is clear that the world will have to fight the anti-slavery struggle over again from the beginning, but on a far wider area and involving far more powerful interests than the recent national anti-slavery crusade which we had considered as the final word in this matter.

We have thus far looked at the movement of expansion from the point of view of the interests of our own civilization. We now approach the far more difficult question as to what is to be our attitude towards the civilizations and social systems which we meet and with which we have to deal in colonial administration. At first sight, it would seem an eminently proper policy to favor the introduction of our own institutions among all the populations that come under our control. Every nation considers its own institutions as the highest products of social evolution, and no better destiny could be conceived for other races than that they should be allowed to share in the benefits which rational laws would bestow upon them. Moreover, it is exceedingly difficult to understand alien social systems and to judge correctly the trend of their evolution. It would indeed require the wisdom of a Platonic philosopher to forecast properly the spontaneous development of such societies. With our own institutions we are familiar. Their virtues we believe in. They seem

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simple and rational, we can easily put them in the form of legal enactments and thus bestow them upon our dependents as a complete and satisfying whole. Moreover, the general desire to set the impress of our national genius upon the world, finds no better expression than this propaganda of institutions. In fact, to many people the entire justification of the expansion movement lies in the promised spread of better institutions, of the European or American type. When we therefore ask ourselves the question, which is the better policy, not to interfere with native customs and civilizations, in fact to foster their natural development, or to sweep away the customs of backward races which so often seem but the bonds which hold them in slavery, and to put in their stead the liberal institutions of our own society, the answer is most readily given in favor of the latter alternative.

And yet the policy of assimilation has thus far in practice proved unsuccessful and at times even disastrous. Experience seems to show that even those institutions which are by us considered the very foundation of good government may have harmful results when introduced into another society. The most striking example of this is found in the experience of Great Britain in India. The English are not an assimilating race. They have always had clearly in mind the economic purposes of expansion, and have allowed the political missionary spirit comparatively little sway. They have not been filled with the desire of transform-

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ing native societies. Still they have introduced certain institutional reforms, which to them seemed absolutely essential and not attended with any risk. Thus, who would not agree that the impartial enforcement of contracts, the system of judicial appeals, representative government, the institution of the jury system, a free press, and liberal education, are things about the usefulness of which among us there can be no two opinions. The British introduced these institutions into India, with the best of intentions, and yet with such results that their opponents can now plausibly argue that they must have been animated with the sinister purpose of disrupting and undermining Indian society. The most unforeseen consequences have resulted. Through the rigid enforcement of contract the vast agricultural debtor class has been gradually enslaved to the money lenders and is being ousted from its ancestral holdings. As the government upholds the principle of freedom of contract and will not fix the price of grain in times of shortage, the calculating native capitalist is enabled to hold his stock of food for higher prices regardless of the fact that people may be dying of famine by the thousand in the neighborhood. The scientific system of appeals favors the machinations of unscrupulous native pleaders, who gain a livelihood by stirring up litigation and making the most of judicial delays, with the result that the confidence of the Indian population in the justice and efficiency of the law has been impaired. The grant-

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ing of representative government in municipalities has led to the sharp accentuation of religious and racial animosities and has especially increased the bitter feeling between Mohammedans and Hindus, the former of whom oppose strongly any system of representation based upon numbers. The same result has been brought about by the creation of a free press, which uses its freedom not only for the purpose of constant agitation against the British, but also to stir up and perpetuate the feeling of mutual hatred between the various great religions of India. The jury system has undermined the confidence of the natives in the justice of the British, because no white jury can be found to condemn a white man for the murder of a native. And finally, the system of higher literary education conceived by Lord Macaulay for the purpose of initiating the Oriental mind into the philosophy and literature of the West, has resulted in the destruction of native morale among the educated classes, and in the creation of a literary proletariat, hungry for public employment. The complete bearing of these social changes deserves more careful study than we can here give it, but the above brief indication may suffice to point out how incalculable are the results of the importation of foreign institutions into a native society.

France is the classical land of assimilation. The colonies that were left to France after the Napoleonic era were few and small. A certain romantic and sentimental interest attached to

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Martinique and Guadeloupe, and they became the spoiled children among the colonies. Most of the institutions of the mother country were extended to them. When in the middle of the last century the colonial empire of France again expanded, through the acquisition of territory in Africa and Asia, the older principles of action were not abandoned. The new territories were treated as regions within which French civilization was to be forthwith established. The most radical belief in constructive meliorism still governed French political thought. The results of this policy are now before our eyes. Algeria has long been treated as a part of France. The attempt has been made to give the natives a personal status, to destroy the family and the tribe, to break up the communal land holdings, to apply to the forests the stringent regulations of the French forest laws; with the result that to-day the natives look upon the French as their arch enemies, bent upon destroying their social life and utterly ruining them. It is in the matter of individualism that the assimilating policy is apt to make its most radical attempts at reform. The grouping of populations in families and tribes is looked upon as a mark of barbarism, and it is regarded as the first principle of a liberating policy to recognize the right of the individual fully to control his property. While this is apparently a liberalizing movement, its results in fact are usually far from those aimed at. Not prepared by gradual social evolution for the individual status, the na-

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certain willingness to acknowledge the justification of divergent social institutions. But the essential character of French colonial policy is still assimilative in the main, although a greater willingness is shown to make concessions to the natural obstacles opposed to such a policy.

The policy of assimilation rests upon the old rationalist doctrine of the universality of human reason. An institution once declared rational must as such be applicable at all times and in all places; and though individuals may at first, in the darkness of superstition, resist the introduction of such institutions, they will, if forced to accept them, be ultimately liberated thereby and raised to a higher plane of existence and civilization. The essential element in this belief is that reason is the one controlling force in human conduct, and that rational institutions are productive of rational action and hence are the sole requirement for well-ordered and civilized life. As a matter of fact, however, the science of the nineteenth century has abandoned this belief in the universal supremacy of the conscious rational faculty. Men are governed far more by their inherited beliefs, customs, and instincts, than by a conscious choice between different courses of action. This is true among ourselves, and it is so to an exceedingly greater extent among all aboriginal peoples. The doctrine of assimilation makes a demand upon the rational element in human nature which not even the action of the most highly developed individuals, to say nothing of

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nations, could justify. The natives are to abandon the entire complex of customs and beliefs which have thus far guided them through life, and by an act of selective reason, to adopt institutions foreign to their social experience. Modern science is agreed that inherited psychological elements—the constitution of the mind—are the most persistent phenomena of which we have any knowledge. New ideas may be poured into the consciousness, may even be understood by the rational faculties, but they will leave no trace upon the mental constitution and upon the real spring of action. The most conclusive proof of this is found in the psychology of those races which have come, through the chance of history, under the control of different conquerors. Through numberless generations under the most varied historical conditions and environments, the descendants of the same race will continue to develop similar psychological traits. Thus parts of the Malay race have been for centuries under the rule of three different European peoples; nevertheless the Filipinos with their Spanish instruction, the Javans trained under the Dutch colonial system, and the Malays of the mainland who have been under English tutelage, all display identical characteristics and have the same intellectual constitution which the earliest explorers noted in their day. In the same way we may trace among the negroes of the United States, of Hayti, and of Martinique, the same psychological tendencies which are found among their distant

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relatives in the African forests. The actual experience of colonizing nations and the results of scientific investigation leave room for but one opinion upon the policy of assimilation, that it rests upon a purely ideological basis and runs counter to the scientific laws of psychic development.

The very first requirement in laying the foundations of a colonial policy, is therefore the careful study of the ethnical character of the races with whom we come in contact. The ethnological survey is thus one of the most important parts of colonial administration. We must learn to respect the psychological and social character of the people with whom we have to deal—respect it sufficiently at least to become acquainted with it, to study it carefully, and to analyze its elements.¹ When we consider the difference between the highly trained, industrious, peaceable, frugal Chinese, and the shiftless, indolent Malays, between the dreamy, philosophical Burmans, and the warlike, laborious tribes of Central India; between the fellaheen of Egypt, the Moors of Algeria and the multitude of negro races in Central and Southern Africa; the very idea that one set of institutions, one form of social practice, could be applicable to all these multiform societies, would seem the result of pure ignorance. What the colonial administrator needs above all else is

¹ The most successful investigation into the psychology of native populations has been carried on by the ethnological department of the Dutch colonial government under the councillor on native affairs, Mr. Snouck-Hurgronje.

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insight and imagination. Not the abstract imagination which would create an artificial system, but the reconstructive imagination which is able to understand the social conditions of an alien population. In colonial affairs we are in need more of the sense of justice than of benevolence. Nothing is more dangerous than an active benevolence without a proper knowledge of the civilizations with which it interferes. But the sense of justice which accords them a certain right to live, which agrees that there may be a justification for divergence from our standards, is absolutely essential for lasting results in colonial administration. Native societies themselves desire justice rather than benevolent interference,¹ and appreciate far more a ruler who respects their customs while governing them with a strong hand, than one who, under the claim of humanity and benevolence, meddles with their every social arrangement and institution.

But, we may well ask, if we are not to use our civilization as a criterion for our colonial activities, how shall we be guided in the construction of a colonial policy? Are we to follow simply the most material needs of our commerce and industry, and totally disregarding the higher civilization of the natives, allow them to shift for themselves; or is there some way in which we can understand the needs of their own civilizations and assist them in realizing their destiny? The sim-

¹ It is an Arab proverb that one day of justice is better than seventy years of good wishes.

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plest answer, and one that appeals to many minds, is that we should let all these alien societies alone, and allow them to develop unhindered, because no nation has the right to regard itself as a providence for the social regeneration of other races. But when we consider that we have actually become responsible for the destiny of great multitudes of people, and that this responsibility cannot practically be avoided, we shall not be satisfied with any such negative statement of our duties and relations. We need a more positive guide, one also that will harmonize our attitude toward the various elements in civilization. May we not after all find in our own civilization the guidance which we seek? We have found that, statically considered, as a definite system of customs and institutions, we cannot apply it directly in solving the problems of colonial development. It has become clear that we cannot confer by acts of legislation the results of our social and political evolution upon an alien people. The fruits of civilization cannot thus be transferred. But will not a study of the dynamic elements that have assured our social progress give us some clue as to a proper colonial policy? While we may well despair of bestowing upon an alien race the entire complex system of our civilized institutions and customs and beliefs, may it not be possible to modify their social evolution in accordance with our experience and thus to obtain for them gradually a higher degree of social well-being and efficiency? The evolutionary and structural ideals

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of our civilization may be of greater value in this matter than its positive standards and its results in our own social life.

Defined from the structural point of view, civilization implies a social organization of highly centralized energy combined with great mobility of the individual parts. This mobility involves the absence of a deadening fixation of activities by custom or caste, leaving the individual free to seek the line of endeavor in which his own energies may find their best and most fruitful expression. It involves a constant betterment of the condition of humanity through invention, and consequently an intensive cultivation of the natural resources of the civilized state. The surplus thus obtained enables the civilized society to devote a large part of its energies to the advancement of education, art, and science. The distinction between civilization and barbarism lies therefore primarily in the mobility of social forces and in the readiness with which they are able to concentrate their efforts at any given point. The impact thus produced, no barbarian society can withstand. The positive superiority of a given society is thus not due to the presence of a large armed force but to the maintenance of conditions which will enable it to bring to bear at any time and at any given point the entire national energy.

It is imperative that we should clearly see that in colonial politics we have to deal with societies in their broadest aspects—with civilizations and not with individuals. The greatest mischief is

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wrought by looking upon the natives as so many individuals, clay to the hands of the potter, to be fashioned with ease into some resemblance to European or American. It is only as we modify the structure, principles, and customs, of native *societies*, that we can exert any lasting influence upon individuals. Just as the quality of our Western civilization depends closely upon social structure, so—though in a much larger degree as social cohesion is much stronger in the lower strata of mankind—the civilization of a Hindu, or a Malay, or a Hausa, depends not upon what we can teach him individually but how we can affect the structural character of the society to which he belongs. To modify the direction of social evolution by slow and natural methods, is the most ambitious program we can in reason set for ourselves; to take a Tagalog and make of him an American is the naïve impulse of inexperience. For though isolated individuals may adopt the best thought of a higher civilization—we need but think of the negro valedictorians in our universities and of men like the Maharajah Dhuleep Singh—they cannot hold out against the social influences of their own race, nor can they impart to it their acquired civilization. Societies must be viewed as a whole, united by the strong bonds of tradition and of lasting and intimate relations among their members. There is a life purpose, unconscious though it may be, even in the lowest forms of civilization. This we cannot simply suppress by rough-shod measures, and substitute

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for it, point blank and indiscriminately, the purposes and methods of our own civilization. Indeed we can do no more than, by gradually substituting new economic forces and new social motives, to foster a development in the general direction of our own civilization.

Bearing in mind constantly the path which our own social evolution has traveled, and analyzing the conditions of its development and progress, we shall give attention first of all to the creation of a sound economic basis for social life in the colonies. The development of a productive, in place of a purely consumptive, economy, and an assurance of the increasing mobility of all factors in economic life, are the first desiderata. All the higher elements of civilization can be obtained only as the fruit of a wise and perfectly adjusted economic system. The art of Florence arose after mediaeval humanity had served a long and laborious apprenticeship in industrial life, and the dramas of Shakespeare could not have been written had the nation been living merely from hand to mouth. The most elementary purpose of a civilized colonial policy would therefore seem to be the prevention of the reckless and destructive use of the natural wealth in forests and mines for mere private profit, and the encouragement of settled agricultural and industrial pursuits. The greatest among the American negroes clearly perceives, and founds his life-work upon, the fact that a race cannot be given a self-sufficing position in civilized life unless it has a sound eco-

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conomic organization, and unless it has trained itself to productive industry.

Among the essential duties of a civilized state there is none more important than the guarantee to every individual under its rule of the conditions which make healthy life possible. As long as a state has not solved this elementary problem, as long as periodical famines sweep away large numbers of peasants, or accumulations of filth make residence in the towns a constant danger to health and life, the state or society which permits such conditions cannot be called fully civilized. No efforts should therefore be spared in the prevention of plague and famine, the two dark thunderclouds which overhang backward communities and which relentlessly threaten suffering and destruction. No society, no group of individuals, can attain to a state of self-realization and of true inward freedom, as long as it is under the spell of such sinister powers.

It is, however, not only our duty to free these populations from terrors and dangers inherent in their civilization and surroundings, but to protect them against the even more serious risks which are involved in the meeting of civilizations on different planes of development. These dangers are twofold, arising from the use of deleterious substances and modes of life, or from the creation of an apparent individual freedom of contract, which, however, usually results in the entire destruction of economic independence. The surest means of protection against these risks lie in a

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scrupulous maintenance of the native *morale* and social organization; any attempt to deal with natives merely as individuals in the Western sense, will without fail endanger their independence, their health, and their life. It has been abundantly experienced that when the ordinary members of a backward race are dissociated from the organism to which they belong and are brought into direct contact with a higher society, they will usually lose their native *morale* and adopt only the dangerous and even vicious sides of the advanced civilization. The only way to protect the individual is to protect the society to which he belongs, and if any improvement of his condition be attempted it should not involve the weakening of social relations.

To foster the cohesion and self-realization of native societies, while at the same time providing the economic basis for a higher form of organization—that should be the substructure of an enlightened colonial policy. We can conceive of no greater crime than the wanton destruction of such societies, for it involves the moral and physical degeneration of their members. This is true of even the lower forms; there is no excuse for destroying the tribal organization, it should be allowed to develop into the higher phases of social life. But when we have to deal with such nations as the Anamites, Burmans, and Chinese, the insensate folly and criminal cruelty of treating their civilization as mere rubbish to be cleared away, would seem too apparent to need further empha-

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sis. Such nations should rather be encouraged to take pride in their own historic character, to develop their marvelous inborn artistic talents, and thus to impart to the general civilization of the world new and rare treasures, than to be treated as unworthy savages fit only for work as beasts of burden and for an apish imitation of European forms.

When we consider the specific basis of a colonial policy with respect to the native races, we shall see that it rests upon a foundation composed of a few simple economic principles. In such an investigation it becomes clear that while Western societies in their contact with the natives of Africa and Asia will be able to accomplish certain useful results, they are on the other hand attempting many things which it will be impossible to attain under the present methods. The one indisputable blessing which Western nations are bestowing on primitive races is that of peace. This is the greatest achievement of the European régime in India and in Africa. The terrible intertribal warfare and the bloody raids organized by Arab slave drivers in Africa have largely been put an end to and have given place to more peaceful occupations. In connection with this, a civilizing colonial policy will also improve the general conditions of life. The introduction of a scientific medical service and of advanced principles of sanitation is a primary duty of colonial administration. The most fundamental conditions of life being thus assured, it is necessary that mobil-

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ity of the elements in economic action and free mutual intercourse be made possible by the opening up of routes connecting the various regions and making them accessible to the populations of one another. The construction of roads and railways is one of the most potent agencies of civilization. In that way alone is the penetration of the methods and products of civilization to the interior regions made possible. In order to provide for improvements such as these as well as to undertake lines of industrial development which surpass the capacity of the natives it is necessary that capital should be invited to participate in the development of new regions and that such investments should be rendered as safe as possible. The native population should be trained in industrial pursuits as well as in the arts of agriculture so as to be able to utilize the natural resources without exhausting or destroying them. The substitution of intensive methods for the exhaustive barbarian exploitation which is now the rule throughout Africa as well as in other undeveloped regions of the world is an essential purpose of a civilizing policy.

But when we come to the higher elements in civilization—intellectual culture and religion—the road is not so plain nor is it at all certain that an attempt directly to influence the more primitive races will at first be successful. In this connection we must again remember that we are dealing not with individuals but with societies, and that it is impossible to change the complexion, the

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character, and the *morale* of a society by giving a certain intellectual education to a few among its members. We have already dwelt upon the fact that civilization can affect the condition of backward societies only by setting in operation economic forces which will gradually modify the social structure. But the attempt to eradicate the intellectual character of these peoples and to substitute for it the complex intellectual and moral culture of Western civilization through the process of instruction, cannot in the nature of things be accompanied with any large measure of success. Psychological characteristics are perhaps subject to modification, but only very gradually, in the course of centuries and as a result of radical structural modifications. The British policy of educating the Hindus according to European methods has failed and has produced lamentable results, because it entirely overlooked the truth that we cannot modify societies by giving them the accessories, even the highest, of another civilization, but only by influencing structural development. As in the case of India, so in general, this can be effected only by changing the economic basis on which the social structure rests. The form of education which will yield the greatest results is technical training, accompanying the actual development of economic life and the growing consciousness of control over natural forces. The political organization that will be most potent in influencing social growth is the city; and through the creation of a true com-

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munal life in towns and cities lies the road to the ultimate self-realization of native societies. Just as national life in the West is only an expansion and development of the ideals and institutions of the classic and mediaeval city state.

A more rapid and direct influence could be looked for, should race mixture between Europeans and natives throughout the tropics become general. Were the conditions in the tropics such that Europeans could freely intermarry with the native populations the problems we are considering would assume an entirely different aspect, for, as in the white population of the United States, there would come into being a new race. Through the amalgamation of racial characteristics there would arise new beliefs, customs, and ideals, in fact a new philosophy of life and a new intellectual constitution. Though in the past there has been some mixture of European and native blood, and especially the Latin races have shown themselves willing to enter more freely into alliance with dependent races, it still remains true that the results of such racial union have not been of the most encouraging nature. The mixed breeds have at times, as in the case of the mulattoes, shown great excellence of physique and considerable power of mind; in most cases, however, they have appeared rather as degenerate types. They have occupied an unfortunate social position, being looked down upon and suspected by both of the races from whom they have descended, and becoming the easy prey to

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vice and to general decadence. At the present time the tendency toward race mixture is less strong than ever before. Races are becoming mutually exclusive, and especially those which consider themselves higher show a strong desire of keeping their blood pure. It is therefore not to be expected that the psychological differences which separate white and colored mankind will be modified by racial mixture.

The side from which the intellectual nature of the non-European races will perhaps prove most accessible is that which is connected with the mastery of nature. The people of both Asia and Africa have lived under the overpowering influence of resistless natural phenomena. The primeval forest world of Africa, the typhoons and floods of the East Indian islands, the famine and pestilence of India, her vast mountains, and the ferocious rivers of China, which bring destruction to millions every few decades—these are phenomena the like of which the Western world does not know. With us nature is more docile and of greater amenity. It is consequently not a matter of surprise that the forces of nature should have been understood and mastered first by the Western mind. It is through this mastery that the Western peoples can impress other nations most successfully with a sense of their superiority. By relieving the tyranny which nature now exercises in the primitive forests of Africa and in plague-stricken India, Western civilization may become the Prometheus of the nations that are

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yet in bondage. The mastery of the resources and forces of nature has given us a new conception of life, it has relieved us from the fear of the capricious powers by which primitive man sees himself threatened on all sides. When we look back to the mediaeval man, whose belief in miracles, amulets, and incantations does not put him at a very great distance from modern barbarians, we feel that our command over natural forces makes a return to the mediaeval point of view hardly conceivable. As we prepare the more backward races to share in this mastery over nature, they will also have a better understanding of our intellectual life and of our beliefs. The haughtiest Brahman even stops to wonder as he sees the processes of electrical industry and notes the sure grasp with which the forces of nature are made subject to the human will.

“From the ground up” should be the motto of an intelligent colonial policy. Not to attempt to bestow upon the backward races the blessings of a civilization which they cannot understand and which may be a deadly poison in the form in which they are offered; but to work in alliance with the universal forces of social evolution, to battle against the exploitative tendencies which would carry us back into another age of barbarism more cruel and more difficult to overcome than any former one, and to give to the more primitive societies a secure economic foundation for future progress and development—these should constitute the elements of a sound colonial policy. If we re-

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strict our efforts to those things which we clearly see can be accomplished—to the maintenance of peace, the protection of health, the creation of adequate means of communication, and assistance in industrial development; if we set our face firmly against slavery and exhaustive exploitation in all its forms, we may rely upon the working out of the colonial problem with the same confidence that we place in the mechanism of a complicated electrical motor. But in order to obtain such results patience is most needful. Civilization cannot be transferred as a whole. To deal with intellectual and spiritual matters directly, involves such difficult psychological considerations, such incalculable contingencies, that in an effort to develop a constructive colonial policy, it seems wiser to make sure first of the things in which at least a somewhat clearer forecast of results, and a somewhat safer calculation of effects can be had, than is the case with impulses and enthusiasms the range of which passes at present the scope of careful analysis. Activities along these lines are by no means to be discouraged, but they fall into a different sphere from that which the legislator and administrator can hope to deal with successfully. One principle seems clear enough, namely, that our moral civilization cannot be propagated by laws, perhaps not even by exhortation, but that the only true civilizing influence is *example freely followed*. Thus the primitive Germans voluntarily chose their Roman neighbors as models for their action, and Japan

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to-day is of her free will imitating our institutions and methods because she recognizes in them a certain superiority. By setting up models of action and conduct which will be gladly and spontaneously imitated by other races, the Western nations may indeed hope to exert a powerful civilizing influence.

It will therefore be wise for the colonial legislator not to attempt too much, not to have too ambitious a program. But if rightly planned, the economic reforms which it is in his power to effect with success, may, like the massive architecture of a cathedral crypt, in time upbear an edifice which will answer larger purposes than those of mere economic welfare and progress.

CHAPTER II

EDUCATION AND GENERAL SOCIAL IMPROVEMENT

In any attempt to improve the social condition of the natives, education will naturally play a large part. We have become accustomed to look upon education, not only as a condition of social improvement, but as the principal means of bringing it about. In the educational systems of the West, the intellectual factor has thus far been accorded preëminence; and as all the Western nations have a common fund of historical and philosophical traditions, it is very natural for them to conclude that their intellectual education will always and everywhere constitute a liberating influence and a sure means of social progress. Yet this education, adapted as it is to the highly complex psychology of the Western nations, by no means constitutes equally nourishing food for other races. We may indeed instruct these races by giving them the results of our learning, but whether we can thus really educate them is a different matter.

Any careful analysis of the meaning of education will reveal that one of its principal elements is adaptation to social environment. The intel-

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lect could be trained to a very high degree of efficiency by the study of Chinese ideographs or Samkhya philosophy, yet no one thinks of adopting these disciplines in our schools, because they plainly do not render a mind more able to adapt itself to the environment of Western society. Similarly, the classics of Rome, the eighteenth century literature of England, and the philosophy of Locke, may be instructive to the Oriental mind, but it will be very difficult for it to get any true educational value out of such studies. We educate a mind when we open it to an understanding of the social phenomena that surround it, when we give it a grasp upon the principles of existence which affect its being, when we give it the power to act creatively by formulating suggestions and modes of action which will find a response among contemporaries. Mere instruction, on the other hand, may store the mind with a marvelous amount of knowledge while leaving it helplessly adrift on the current of contemporary life.

Bearing in mind the essential purpose of education as social adjustment, it will be seen that an educational system can be constructed only with a thorough knowledge of the social conditions upon which it is to operate. We must be familiar with the intellectual and moral history of a race to know what disciplines have been helpful to it in the past; we must be exceedingly careful to determine what are the educational requisites of the social institutions established and upon which

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social order rests, so that we may not introduce elements of a revolutionary and destructive nature. Thus the ancestor worship, the solidarity of the family, the respect for intellectual authority, which are found in most Oriental countries, should be taken account of in any system of education introduced. It is further important that the religious beliefs of a race, comprising and interpreting the most important social motives, should be considered and utilized in education. The capacity of a race as revealing itself in the contemporary expression of its racial genius, should form the basis upon which future intellectual and moral development is to be planned. Frequently a race may be mistaken as to its own capacity. We need here but instance the well-known fact that negro populations, wherever found, whether in Central Africa, the West Indies, or the American states, are eager to acquire a literary education. But it is not difficult to see that their real motive is a desire for an appearance of equality with the white race, and that we have not here to deal with an essential intellectual need of the negroes. Their real needs would be far better served by a careful training in science and the arts than in the fashionable literary branches. Finally, it is of prime importance that we should not overlook the economic condition of a race; that we should not arrange for it an education which has no connection with its economic needs, and that one of the first aims of a rational education should be the mastery over economic

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forces and the improvement of economic conditions. Argument is not required to show that a system of education which produces satisfactory results in an industrial society, controlling boundless sources of wealth and very free in its religious beliefs, would not be suitable to an agricultural society dominated by powerful religious ideas and by a strict caste organization and living on a low plane of comfort and social well-being.

While it is apparent that each colony and each racial element within a colony must be studied separately in all their characteristics before a suitable educational system can be provided; it may nevertheless be said that there are four great classes of populations with whom we have to deal: namely, savage races, those populations whose social cohesion has been impaired or destroyed, the Mohammedan races, and other races of a higher civilization. To many it may seem that savage races are, in the matter of education, as a white sheet upon which anything may be written. Yet while they may not have a complicated religious and social system and a venerable literature which command our respect, nevertheless their social conditions and their psychology differentiate them to such an extent from each other that no general educational scheme can be constructed for them. Where savage races have had their original social cohesion destroyed, either by being transported to other countries as slaves, or, as in the Philippine Islands under the Spanish régime, by an attempt to level their in-

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stitutions and to assimilate their life to that of a European nation, there is perhaps the nearest approach to an open field for educational experiments. As indigenous social institutions do not exist among such natives, they are more readily influenced to adopt new standards. But even here a little deeper study reveals the presence of psychological factors, which necessitate a modification of all our educational ideas. For it is impossible to destroy all social affinities and the mental constitution persists even through radical political changes. When we deal with the higher races, we are forced to take position with respect to social institutions and intellectual characteristics of great power and endurance. This is especially true of the Mohammedan world. Welded together by a narrow but thorough study of their sacred book, the Mohammedans present more resistance to the introduction of alien ideas than any other population, and in their case, education must account with the native institutions as unities which can be but little modified and upon which such future education as may be developed must be primarily founded. Among other races of a higher civilization, such as the Hindus, the Anamites, and the Chinese, while there may be a slightly less persistent attachment to the racial philosophy, it would still be impolitic as well as fruitless to interfere in such a manner as to attack those ideas and beliefs which constitute the moral character of a race, and which have been developed in re-

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sponse to its intellectual and material needs through an evolution of many centuries.

We are met on the threshold by the question, what language is to be used in the education of the native races in the colonies? It is of course far more convenient to the colonizing nation to force the natives to learn its own language than to trouble the colonial officials with a number of native dialects; moreover it may be urged that the acquisition of a European language is at all times an advantage to an African or Asiatic. Yet it must be considered that the adoption of a European language as the language of instruction would imply an utter severance of the intellectual and moral development among the natives from their past history. It is through language that the elements of a civilization are handed down from generation to generation; and it is only by a use of the native language in the schools that the higher elements of a native literature, religion or philosophical system may be perpetuated. Wherever a language is spoken over a large area, wherever it has literary quality and a literary history, wherever it embodies the moral concepts of a nation, wherever it promises to be an efficient vehicle of their future thought, the primary or common school education at least should be in that language. In the few cases where a different course has been taken, the result has been so undesirable that the attempt was abandoned. Thus when the French began their colonial activities in Cochin-China, they introduced a system

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of instruction in which the Roman alphabet was used instead of the Chinese word-signs. While this was not so serious a matter as the complete supersession of a language, it nevertheless resulted in cutting off the Indo-Chinese from the literature of China from which their intellectual nourishment had theretofore been drawn. Moreover, the fact that the study of French was strongly encouraged by making it the passport to official position, led to an almost complete breakdown in the system of native education. The results were so undesirable that the colonial government decided not to interfere with the inherited system of education in Tongking and Anam.¹ In most of the other great tropical dependencies, the language of the natives is used in popular instruction. This is true of India, Ceylon, Egypt, the Dutch possessions, and Tunis. The West Indies, South Africa, and the Philippine Islands occupy a somewhat exceptional position. In the West Indies and South Africa the racial solidarity of the negroes has been destroyed through slavery and migration. It was therefore natural that a general language should be adopted by them. In South Africa the negroes use either the Hottentot dialect, Dutch, or English; and in the West Indies, either English or

¹ The colonial government has of late even encouraged the study of the Anamite language among the French officials in Indo-China; proficiency is rewarded by promotion to a higher class in the civil service. But recently two officials who had thus gained the right of promotion were transferred, the one to Madagascar, the other to the Sudan.

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Spanish. The language of instruction among the negroes in these colonies is therefore usually the general language which they have adopted as their vernacular. The Philippine Islands have a multitude of dialects; and notwithstanding the attempts of the Spanish to introduce their language, no common medium has thus far gained currency. It was therefore argued by the Philippine Commission that as a common language would be indispensable to the Philippine people in the future, it would be more rational to introduce English than to attempt further to spread the Spanish language. As English is *per se* the most useful European language in the Orient and will be for an indefinite time the language of the government, it would certainly be an unnecessary complication of matters to use Spanish or to impose one of the dialects or the Malay idiom upon all the islands. While the American government cannot fairly be criticised for introducing its own language, it might have been wise to give the native dialects a greater prominence in the curriculum. Though the Philippine dialects have thus far not produced a literature, they are undoubtedly well adapted to express the feelings of the Philippine races, and to preserve the more intimate elements of popular civilization. In the colonies of Central Africa the mission schools have usually introduced the language of their nationality in their instruction, and the German government has followed this same policy in the government schools of Kamerun.

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While as a general rule the native vernacular is used in primary instruction, it is more common to use a European language in the secondary and higher schools. Thus in Egypt the French language was used until recently in the academies, where it is now being rapidly displaced by English. The language of the governing nation is also used in the higher schools of India, Ceylon, Indo-China, and Algeria. In the Dutch East Indies alone is the language of the mother country treated like that of a foreign nation.

When we turn to the subject matter of instruction, we shall find that in most colonial dependencies a system of purely literary education has been introduced. Thus the educational policy in the Indian Empire has been based upon the belief that the natives would readily abandon their inherited ideas when familiarized with the intellectual culture of Europe.¹ India has five nominal universities which are simply examining bodies conducting the entrance examinations for the 191 affiliated colleges as well as the examinations for degrees. The secondary or high schools,² which prepare students for college, use English as the medium of instruction, and teach history, literature, language, mathematics, and a certain amount of science. After having passed his examination for entrance to a college, the student usually pursues, for a period of two to four years, an "arts course" planned entirely upon English prece-

¹ See Lord Macaulay's *Minute on Education*.

² There were in 1904, 5,493 with 558,000 scholars.

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dents. At the end of two years the so-called "arts examination" is taken, while the successful completion of the four years' course leads to the bachelor's degree, which may be supplemented after another year's study by the A. M. There are also several professional colleges of medicine and law, which the student may enter after he has passed his arts examination, or after he has taken his degree. In most of these colleges practically no attention is given to the literature, philosophy, and history of India. As the university examinations were until quite recently the sole passport to official position, the prime purpose of the Indian youth has been not so much to acquire an education, but to be admitted into the government service. The system has in general had a most unfortunate effect upon the intellectual life of India, introducing elements entirely alien to Indian culture, which have turned the minds of Indian educated men away from the development of their inherited philosophical and literary civilization. It has failed to train the reasoning powers and has led to an abnormal development of memory. Knowledge, acquired mechanically, has not exercised a liberating, strengthening influence upon the Indian mind. Moreover, as an entirely mistaken conception of Indian history is contained in the English classics of the eighteenth century, the youth of India have been led to take a wrong view of their own history, a view which is entirely unjust to the English conquerors. The bitter language of the party struggles in England in the

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time of Fox and Burke is readily transferred to Indian affairs and is reproduced in a highly exaggerated style in the native press. Morally, the result of this system has been to destroy the inherited philosophical and religious conceptions of the educated youth, without substituting a coherent and satisfactory system in their place. There are, however, in recent Indian educational development certain facts which give some hint as to what direction should be taken in order to arrive at more satisfactory results. There has been founded at Aligarh a college for Mohammedan students, in which Mohammedan religion, philosophy, and jurisprudence constitute the backbone of education.¹ No Western literature or philosophy is taught, but thorough instruction is given in science and in the methods of scientific investigation. This school has achieved a high degree of success. Its graduates have developed in character as well as in intellect, their minds have not been confused by a mass of unassimilated knowledge, and they have obtained a good hold on the scientific methods of the West. This instance has proved conclusively that the characteristic achievement of Western civilization, scientific mastery of nature, may be imparted successfully to men who at the same time are follow-

¹ The Mohammedan *madrassa* at Calcutta, founded by Warren Hastings, anticipates this latter foundation of Sir Syad Ahmed Khan. But the wise policy of Hastings was abandoned by the government under the influence of Macaulay's ideas, and Mohammedan colleges were for a long period treated with great illiberality.

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ing their oriental studies in literature and philosophy. A similar principle is revealed by the great efficiency of medical and legal education among the Hindus. The Hindu physicians and surgeons, trained in European methods, are most excellent practitioners; they have gained a precision of thought, a power of clear observation, which the Oriental mind in general lacks. This power is apparently not developed by the literary training imparted in Indian colleges. When the literature of a race or nation is studied as an expression of life, literary culture implies a high form of training, for it arouses the mind to the keenest criticism of life in all its forms. But to the Oriental, European literature is an alien product and can never be synonymous with life; to attempt to train his mind entirely in what to him can never lose the character of artificiality, is a mistaken idea of education.

Wherever the ideal of a literary training has been followed in the colonies, unsatisfactory results have been produced. In Egypt, Burma, and Ceylon, the native students in the higher schools will acquire a good memory knowledge of English literary subjects, but their main purpose, also, is to gain official position. In South Africa, in Central Africa, and in Jamaica, the negro population has been very anxious to pursue literary studies, but by the testimony of all observers, the results have not been conducive to real social improvement. The defect of a primarily literary training lies in the fact that it dis-

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tracts attention from the real intellectual needs of a race. Being essentially indefinite, founded upon suggestion and intuition rather than upon direct observation, it does not constitute that kind of training which the minds of Orientals and Africans specially require, to liberate them from the tyranny of ideologist speculation and superstitious beliefs. It ordinarily leads to a dangerous half-education implying a well-trained memory but an undeveloped judgment, together with an overweening self-confidence and vanity. But its main danger lies in the fact that it raises hopes and aspirations which can impossibly be satisfied. Not that the aspirations are too lofty for realization *per se*; the greatest desire of a half-educated native is to become a clerk in a business house, or preferably in a governmental office. But as the number of such positions is limited, the vast multitudes of natives must in the course of nature make themselves useful in other callings, in industrial and agricultural work. Too often a false ideal is created by purely literary training, an ideal which looks upon manual labor as degrading, as a thing to be avoided. It is the unanimous testimony of observers in Jamaica, where a system of universal education has been established for some time, that the native population, originally not over-fond of manual labor, is becoming entirely disinclined to work, and is longing for an easy life in town. Such aspirations are dangerous, not only among the masses, but also among those better situated. Thus in Egypt the better

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families seem to think of no other career for their sons than that of a government official. It is apparent that other callings in industrial and scientific life must be made more attractive to the educated, and agricultural and industrial labor to the masses, unless conditions of great dissatisfaction and social unrest are to be produced throughout the colonial dependencies.

Educational agencies can contribute much towards the real welfare of the natives by developing manual training and agricultural instruction, and already promising beginnings have been made in this direction. The educational commission for South Africa in 1900 agreed upon the principle that governmental aid should be given only to schools which devoted half of their time to manual and agricultural training. Under the most recent educational legislation in Jamaica, less attention will in future be given to literary subjects and to history, and considerable time will be devoted to instruction in improved agricultural methods. The African missions have in the past often consumed their energies in inefficient methods of education. The instruction given by the missions is generally too scholastic, and travelers are most severe in their judgment of the "missionary-made" man. Dressed in European clothes and displaying with pride a smattering of English education, the "civilized" natives love to swagger about in the coast towns, despising manual work and the customs of their race. They have stripped off the restraints of their na-

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tive religions and are far from having adopted the morals of Christianity. In order to avoid the continuance of conditions like these, the missions are now endeavoring to train the natives to habits of industry, to instruct them in their native language, and to encourage them in the maintenance of all local customs that are not barbarous. Many of the missions have succeeded in training native carpenters, smiths, tailors, and other handicraftsmen. The mission buildings are usually constructed by the pupils in the missionary schools. The missionary orders have been especially successful in this respect as their members are usually adepts in the useful arts, and can work with the natives not only as instructors, but as master-workmen. It is desirable that, where manual training is not given to all the pupils, the best among them should be selected and special distinction should be accorded for proficiency in the industrial arts; the sons of the chieftains and of the leading men should be interested in the work. It is also very important that handicraftsmen who have received their training should be given regular work upon leaving the school. This can be done by developing the organization of the school system so as to require new forces at different localities. But the best method of providing constant employment is to educate the natives to a desire for better dwelling houses and articles of furniture. Where manual training is made a regular part of general instruction, as in Jamaica, it is usual to employ the Sloyd system

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rather than to attempt to give specialized training in any handicraft. In less developed countries, however, such as the missionary fields of Africa, it is of course better to give each native pupil a thorough training in some definite branch of workmanship.

In higher education the scientific element should be emphasized. Already efficient schools of medicine and law, as well as other scientific institutions, have been established in India, Egypt, Indo-China, Madagascar, and the Philippine Islands. But while the natives seem to take readily enough to medicine and law, the engineering and technical branches have not been equally well developed. This is partly due to the prejudice which the natives of the upper classes have against manual labor, as an engineer ought to be able to put his hand to the work to aid his force of employees if he desires to be thoroughly successful. It will be one of the most difficult problems to induce the natives to take a different view of industrial pursuits. Thus far, it must be said, they have not been much encouraged to change their attitude, because the development of industries has not been fostered, and the engineering work has been performed mostly by Europeans.

The organization of the school system is far from uniform in the various colonies. In the Philippine Islands alone has it been attempted to establish a system of schools entirely owned and managed by the state, and as yet the system has

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by no means been extended to all parts of the dependency. In fact, it is not certain how rapidly the economic and financial condition of the Philippine Islands will enable the government to carry out and complete its policy of general public instruction. In British colonies the usual system is to give grants in aid out of the public treasury to private or voluntary schools, the latter being usually denominational. In India the local schools established by the Hindus or Mohammedans are thus aided by the central government, or schools may be established to be supported out of the local rates. By the side of grant-in-aid schools, the state usually establishes schools in localities where none are provided by other agencies.¹ The requirements of instruction are fixed by law. Any school which fails to maintain the requisite standard is deprived of its state subsidy. The state maintains a system of public inspection by which the standing and efficiency of the schools is determined. In state schools no religious instruction at all is given, although a certain time is set aside when the ministers of the various religions may teach the pupils.

In the Dutch East Indies very little was done for the primary education of the natives before 1865. Since that time a large number of native schools have been established, which are divided into two classes: (*a*) those which offer instruction simply in the respective native language and in arithmetic, and (*b*) those which teach a native

¹ This is the system in use in Jamaica and Ceylon.

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dialect or the Malay language together with arithmetic, geography, natural science, the history of Java, drawing, and the elements of surveying. By the side of these state schools a large number of Mohammedan schools are maintained by the followers of that religion. No religious instruction is given in the schools of the state.

It is a much disputed question as to how far the privileges of a common education should be extended. At present not very much has been done toward the common education of the masses in the colonies. In Algeria there are hardly any schools for the natives, while the Indo-Chinese system is suffering from an uncertainty of public policy. In India there are 4,000,000 pupils out of a school-age population of 45,000,000. Ceylon and Jamaica have of all tropical colonies the highest percentage of school attendance. And yet even there, when the actual time of instruction is considered, comparatively little has been accomplished, while in Africa only the merest beginning has been made. It is often urged that the entire policy of universal education among the natives is mistaken. Herbert Spencer is appealed to, who denies "the commonly supposed connection between intellectual culture and moral improvement;" and believes "that a society is not benefited but injured by artificially increasing intelligence without regard to character."¹ It is moreover held that such a policy will result only in half-education, developing indolent habits in

¹ Spencer, *Facts and Comments*, p. 84.

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the natives and not giving them any real intellectual strength. Or, again, it is urged that it would be sufficient to educate the upper classes, and that whatever education is needed by those below will naturally filter down to them. This latter view, however, has little in fact to support it, as in societies which are still substantially on a caste basis the educated classes show no great readiness to impart their education to those below them. The Philippine Commission defends the policy of universal education upon the ground that it is necessary to render the individual peasant independent of the village oligarchy. It is argued that a common school education will not destroy the inherent love of agriculture but will enable the peasant to use better methods and thus obtain greater satisfaction from his toil, while at the same time it will place him in a position to resist the unwarranted interference with his activities on the part of his wealthier neighbors.

It is difficult to see how a rational policy of universal education can consistently be condemned, but its efficiency depends entirely upon the thoroughness with which instruction is adapted to the actual conditions and needs of native society. The transfer of a complete system of education to a native race, on the ground of its theoretical excellence, is to be avoided, since an educational program developed for a nation that has long given special attention to intellectual culture is certainly not suitable for those

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racess which are just beginning their course of higher development. Moreover, the financial capacity of native societies sets rather narrow limits to endeavors in this direction. Wherever possible the native system of schools should be utilized. Throughout Mohammedan lands every mosque has its school, and every larger town has its *madrasa* or college. Although the primary education consists only in learning by heart certain chapters of the Koran, it constitutes a beginning which ought not to be swept away, but upon which the future educational structure may be built. The same is true of the Buddhist *wat* or temple schools. In tropical Africa it is likely that for a long time to come the missionary schools will form the main agency of education. With a more practical notion of what the native requires for his development, the unlimited devotion of the missionary societies and fraternities will produce great results. Whether missionary or not, the teacher in the colonies is certainly in need of the missionary spirit. To work day after day by the side of native boys, carefully and painstakingly instructing them in the processes of industry, demands a devotion which no mere salary can inspire. The greatest educational force after all will be *example*. The natives will imitate those whom they can understand and admire. Too many of the teachers that are sent to them, they accept for mere incidental reasons, without understanding or admiration. Not school laws, not set programs, nor

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the most well-intentioned ideas about complete development, will here take the place of daily contact between devoted teachers and the native populations. It is not sufficient that these teachers should be active in the normal branches of instruction; they must go down among the ordinary pupils and work side by side with them, in order to teach them by the force of example new ideals and a new conception of life.

Civilization of the Negro Race in Africa.—In view of the barbarous customs which continue to exist among the negro population, many investigators have entirely denied the capacity of the negro to advance in the scale of civilization. The physiological reason assigned for this inability is the fact that the cranial sutures of the negro close at a very early age. Negro children, it is admitted, are exceedingly bright and quick to learn; remarkable instances of precocious intelligence among them are frequently observed. Thus the young son of Behanzin, the exiled king of Dahomey, carried off all the honors at a Parisian *lycée* to which he had been sent from Martinique. But after the age of puberty development soon ceases, the expectations raised by the earlier achievements are disappointed, and no further intellectual progress is to be looked for. It is true, many investigators claim that the negro continues his mental growth in adult life notwithstanding the physiological fact noticed above; but the proofs given in support of this favorable view relate rather to increased cunning

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and craftiness in trade than to the growth of general intellectual capacity. No one would deny that negroes accumulate experience in later life, but organic development of the faculties seems to cease at an early stage in practically all cases. Even if we accept this unfavorable view, however, it does not necessarily follow that the negro race is permanently uncivilizable. When we look for the causes of the low stage of civilization among the African negroes, we can hardly avoid the conclusion that it is due rather to social, political and climatic conditions than to the physiological, personal incapacity of the negro. The difference between the average negro and the average European does not explain, nor is it at all commensurate to, the difference between their respective civilizations. The causes that have kept the negro from acquiring a higher social organization are closely connected with the fact of the constant shifting of the African populations, which are not held in place by the physical conformation of territory such as that of Greece and Italy. The African societies were thus not given time to strike roots and to acquire a national tradition and history—the memory of races—which is one of the chief ingredients of civilization.

We should here consider how utterly all social or national self-consciousness is lacking in the negroes, and how localized their interests are. It is a suggestive fact in this connection that as the negroes have no experience of real social or

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political unity, so their languages can express very few general conceptions. In conversing with negroes, Europeans constantly note that the mind of the individual seems far stronger and more apt than the language which he must use to express his thoughts. Can we not here surmise a subtle connection between the realization of true social and national unity and the existence in the psychology of a race of those general conceptions upon which all higher intellectual civilization is founded? No more striking proof could be found of the truth that we are what we are through society, than the fact that the negro race, powerful in physique, strong and normal in intellect, has not achieved a higher social and intellectual civilization. Should favorable conditions for the existence and development of permanent societies in Africa be brought about, it then would admit of little doubt that the negro race would develop in civilization—a civilization proper to it, rather than an imitation of the European type. In view of the fact that the physiological characteristics of the white race have been profoundly modified in the course of its development, it may not seem altogether extravagant to say that even the cranial structure of the negro race may be affected by a change in its social, political, and economic conditions. Or, if we should decide that cranial structure lacks all demonstrable importance in this matter, it might at least be asserted that if certain conditions inimical to intellectual development after puberty are

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removed, the negro race may, notwithstanding its unpromising characteristics, develop in civilization. Now, perhaps, the circumstance most unfavorable to progress is the powerful strain of sensuality in negro nature, which swallows up all energies after puberty has been reached. The deadly climate of parts of Africa, and the horrid conditions of internecine warfare and cannibalism, have heretofore rendered a high birth rate necessary. With more peaceful and settled conditions, a gradual moderation of the powerful sexual impulses could reasonably be expected and we might then hope for the growth of intellectual capacity even after the age of maturity.

Arab and Hamite Influences.—In the past the negro race has shown no tendency toward higher development except under the tutelage of other races; and among the alien civilizations that have exerted a profound influence upon the African race, that of the Moslem Hamites and Arabs is the most important. Penetrating into Africa from the north by way of the Sahara, the cavalry hordes of the Hamites of North Africa succeeded in forming reasonably permanent states throughout the northern Sudan, and in influencing the native negro societies both physiologically and intellectually. The great principalities founded by the Fulbe in the Niger country and by the Tuaregs in the region about Timbuctoo are the most striking examples of this activity. The states thus founded belong to the feudal type; the agricultural negroes form the

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subject peasant class, while the Moslem invaders constitute a nobility of armed cavaliers. It admits of no doubt that the civilization of Africa has been improved by this conquest. The conquering tribes brought with them a written literature and many industrial and domestic arts, which they imparted to the conquered races. As this form of conquest was possible only in the regions where cavalry could penetrate, the dense primeval forests of Africa where the tsetse fly renders the raising and keeping of horses impossible set limits to the out-and-out conquest by Berber and Arab tribes.

This great forest region, however, the Arabs entered from the north and east as traders, and in so doing they gave an entirely new and sinister meaning to African slavery. As beasts of burden cannot survive in these parts of Africa, the traders needed human carriers to convey their freight. Starting from some commercial town on the upper Nile they would purchase a sufficient number of slaves to carry their wares into the interior. But the goods transported back, the rubber and ivory, necessitated a much larger number of carriers, so that a great demand for slaves arose wherever the traders penetrated. The chieftains of the interior were naturally anxious to obtain goods which added to the not very extreme luxury of their existence. They gave up their slaves in payment and reimbursed themselves by making slave raids into neighboring territories. The mutual hostility of the African populations was

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thus increased a hundredfold. Negroes themselves, converted to Islam, or negro and Arab half-breeds, often became the most cruel slave hunters. One of the most notorious of these—Tippu Tib—had an escort of ten thousand armed slaves when he made his raids in the neighborhood of Nyangwe on the Upper Congo. Whole countries were in this way depopulated, among them the fertile and prosperous region of the Upper Congo, whose entire population was driven from its villages, murdered, or carried off into slavery. The entire Makololo tribe, whom Stanley had visited, was annihilated in such raids, with the exception of the women and children who were carried to the slave markets. The cruelty of this traffic and the suffering inflicted upon the captives passes description and comprehension. It is therefore clear that the Moslems acted as a civilizing influence only in the countries where they settled down permanently and that they brought only woe and destruction to the regions invaded by their slave trade. During the centuries when slavery was established in the European colonies and the Southern States, the cruelty and oppression of the slave traffic were greatly aggravated by the demand from these sources.

In all discussions of African slavery it is very important to distinguish between the slave trade and domestic serfdom. We have already described the suffering and desolation wrought in large parts of Africa by slave raids and transportation. Through the efforts of a number of

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humanitarian spirits like Cardinal Lavigerie, the public opinion of Europe has been directed towards the extirpation of the slave trade, and by international agreement the traffic is now forbidden throughout the European dominions in Africa. It has not, however, been possible as yet entirely to suppress it; in fact such a radical cure could be hoped for only after a total revolution in the methods of African trade has been accomplished. To-day the slave trade is carried on covertly under the name of contract labor even by Europeans in their own colonies, especially in the Congo Free State and in the Portuguese possessions.

When we consider the real nature of the African slave trade we will see how completely its existence is conditioned by the general character of African economic life. As slaves are the only beasts of burden that can be used in the interior, so they are also the most universal and satisfactory currency. At present, when the slave trade cannot be openly carried on in the coast towns, the trader will start with a consignment of powder and guns which are comparatively easy to transport. When he reaches the confines of the slave holding region he will begin to purchase slaves, which he carries with him on his journey and uses partly to pay for the ivory and rubber which he buys, partly to convey these purchased goods back to the trading stations.¹ This com-

¹ An example of the status of African currency is given by Miss Kingsley when she describes the fine paid by a local

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bination of servant, carrier, and currency makes the slave almost indispensable as long as no railways, roads, and metal money exist. In the remoter regions of Africa, this abuse will therefore continue to thrive in some more or less veiled form until the industrial conditions of the country have been changed radically. One result of the long continued slave trade is that the population of Africa is far below the natural limit and extensive districts of fertile land are almost entirely deserted; an opportunity is thus afforded for bringing in large bodies of alien settlers, from India or other regions, without any displacement of native tribes.

When we turn to consider domestic slavery among the Arabs and negroes in Africa we encounter far fewer abuses. The African slave is not looked down upon nor is the door of hope forever closed to him. Slaves who have survived the sufferings of transport, when exhibited in the market place of such towns as Kano,¹ in Nigeria, are often apparently in the happiest of moods. Being an object now of considerable value, they are cared for more properly and groomed up so as to present the best appearance to intending

chieftain to a British commissioner for the killing and eating of several converts. It consisted of one hundred balls of rubber, six ivory teeth, four bundles of fibre, three cheeses, a canoe, two china basins, and five "ladies in rather bad repair." The commissioner, being a newcomer, was much astonished, especially at the last item, but Miss Kingsley assured him that they were perfectly "correct" and could be traded off for ivory.

¹ This famous slave market has been closed by the British,

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purchasers. The slave women know that they may, through gaining the favor of their masters, become powerful and even be the mothers of kings. The male slaves also may rise to importance and wealth if luck favors them. Of course there is still a good deal of suffering in domestic slavery and the separation from home and dear ones is most cruel, but it does not mean absolute and abject degradation forever, and often it even opens the door to new opportunities and to a welcome change of experiences. Still freer from abuse are the serfs who have not been sold into slavery, but who form a dependent class in the country of their birth.

The slave trade is throughout European colonies and dependencies made a criminal offense; a man so influential as the cousin of the Sultan of Zanzibar was imprisoned for six months and lost all his slaves by sentence of his sovereign relative for being mixed up with the forbidden traffic. Domestic slavery, however, cannot be dealt with so harshly. The experience in Zanzibar and Pemba in this respect is most instructive. By the decree of the Sultan of Zanzibar any slave in the protectorate may demand his freedom by simply applying to the so-called Court of Slavery. Comparatively few slaves, however, make use of this opportunity; thus in the year 1899 the total number was only 3,757. As a matter of fact the slaves in Zanzibar have little to gain by seeking emancipation. They are usually bound to work for only three days a week on the

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lands of their master; in return for this service they receive a house and a land allotment. The word "mtumwa," unlike our "slave," carries no stigma and is simply a class designation. In fact the relation is generally a mild kind of serfdom. The slaves often say "Why should we seek freedom? We have a good home, plenty of food and no hard work. Our master is kind and we are fond of the children. What should we gain by being freed?" The slaves or serfs live in small communities around the master's house, where they enjoy fellowship and protection; emancipation therefore means a loss of caste and home to them. When freed, they find life dull and monotonous and have to work too hard for a living. They often come before the court asking to be returned to slavery and are deeply disappointed when this cannot be done. Among those who are liberated, a large number become vagrants and a public charge. For a time it was attempted to enforce Article Six of the Sultan's decree, which provides that "any person who applies for emancipation shall show that he will have a regular domicile and means of subsistence." The usual method of showing this was to bring a labor contractor who was ready to hire the emancipated slave and give him shelter. While the two senior missions approved of this method as preventing vagrancy, the junior mission, less experienced in African affairs, objected on the ground that it was merely a way of transferring the slave from one master to another, and their

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view was adopted in England. Article Six is therefore no longer enforced and vagrancy has again increased. The example of Zanzibar is a typical one and shows that domestic slavery does not press very heavily upon the serfs and that those who seek freedom generally become a public charge.

Slavery among the West Coast negroes is an institution which does not at all correspond to what we understand by that term. No social disgrace attaches to it nor is a slave a mere chattel; on the contrary, his property rights are scrupulously respected. He is merely a more dependent member of the community. Thus a "trade boy" slave on the West Coast is obliged only to pay a fixed amount to his master, and he may in prosperous times acquire a good deal of wealth for himself. He may then purchase other slaves, and when he has become powerful, even free men will place themselves under his protection, and he will thus become a "king." Even during the last decade, of the three most powerful chieftains in the Oil River region, two were slaves. The fact that a man may be "king" and slave at the same time is certainly unprecedented in any other civilization—which of itself shows that the West African institution of slavery can in no way be classed with that of Rome or of the Southern States. It is the African slave trade that is the truly dark and terrible side of the institution in Africa.

The true and complete abolition of slavery can only come with a structural change in African

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economic life and can only gradually be brought about. The economic ruin of the large Arab plantations on the East Coast, which is already beginning as a result of the changed economic conditions, will throw a larger population into the towns and will lead to a parceling out of the estates among peasant holders. Among the negroes in Central and West Africa, the increased opportunity of the slaves for gaining wealth is also tending to break down the system.

European Influences.—The basis of European intervention in Africa was from the first the clear and well-defined interest of commerce—both the need of depots of trade close to the great reservoirs of the natural wealth of Africa, and the desire to prevent the native tribes of the coast from levying excessive transit dues upon the commerce of Europeans and of natives. As this has been the primary cause of European interference, so the methods employed in African administration should have in view first of all the creation of a sound economic basis for African life. A civilizing policy must begin at this point. The African negro cannot be civilized by the destruction of his native institutions or by pouring into his mind the sum of European education. The entire economic basis of negro society must first be changed. With the social growth consequent upon this development the individual too will become more highly civilized and the gravest abuses that now bind the negro race will be overcome. With almost mechanical precision it can

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be demonstrated that the reform of the most vicious characteristics of African life will be the certain consequence of a few simple changes in economic organization; and we may indeed anticipate an unfolding of new and better social energies, when the ground has thus been cleared of the worst impediments to progress.

When we consider the future economic and social development of the Africans, we encounter one prominent fact which will be of prime influence in this matter: with the establishment of peace throughout Africa, with the stoppage of the murderous slave raids and of cannibalism, with the introduction of sanitary measures, such as vaccination, the population of Africa, which has a great natural fecundity, will rise rapidly towards the limits of subsistence. While the natives are now surrounded with an abundance of natural fruits, methods of intensive agriculture and of careful industrial work will soon become necessary in order to support the growing population. Thus far the African has made his life possible by killing his neighbor; this resource being cut off, the only alternative will be to work. No legislation, no contract labor system, will then be necessary to induce the natives to work more steadily. Moreover it should not be believed that they are at present without economic wants. As a matter of fact, they already require large amounts of European manufactured goods and their demands are constantly expanding; a corroding climate and careless habits tend to make

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them more frequent purchasers of textiles than are the thrifty Chinese. A policy that would attempt unduly to accelerate the operation of these natural causes and would not shrink from breaking down native societies and employing force, in order to gain a quick supply of labor for the exploitation of African natural wealth, must be qualified as distinctly opposed to the purposes of civilizing activity in Africa. The general enslavement of the negro race does not offer a proper solution of the problems of African development.

An analysis of actual conditions shows that, throughout, the foundation of a civilizing policy in Africa must be an economic one. The prevention of wasteful exploitation, the construction of roads and railways, the introduction of a metallic currency, will do away with the most inhuman abuses in African life. They will change the constitution of African society so as to prevent the exploitation of the dependent classes, while the establishment of universal peace will turn the energies of the people towards economic development. The negro population in Africa has thus far lived in the presence of overwhelming natural phenomena, and in a constant state of fluidity which has allowed but very little of settled civilization and of national self-consciousness to grow up. The negroes have, however, developed a strong sense of individual justice, and it is justice that they require rather than the rarer gifts of benevolence. Now if justice has any definite

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meaning, it implies respect for the sphere of an individual existence. We certainly cannot be just to the African if we demolish all his native institutions, simply because we will not take the trouble to understand them. No cruelty of war, no suffering, will be resented by the Africans so much as an attack upon their private property, and unless the system of concessions to European companies is to prove a curse to Africa, it must respect scrupulously the native property rights. The European must also have a care not to break up farther such tribal and social unity as exists among the African populations. The basest manner of life exists among the jetsam and flotsam of tribal populations along the African coast where the original unity has been dissolved by European interference. It is here that the missions have their greatest work to do, by creating a new social unity and morality in place of that which has been so recklessly destroyed.

We have seen that European interference may succeed in creating a new economic basis for African life. Whether it can do more, whether it can deeply and permanently influence African life in the direction of specifically European civilization in its intellectual and moral aspects is more doubtful. The most potent civilizing agency at all times has been example, and in this respect the relations of the white to the negro race have been particularly unfortunate. The white men who have come to Africa have either been colonial officials, impatiently waiting for

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their next leave of absence, with little insight into the true needs of native society; or traders whose sole purpose was to get the wealth of the natives rapidly and for the cheapest possible return. The missionaries, men often of single-hearted devotion, have been too few to act as a leavening force upon the entire mass of the African negroes. Moreover, many of them have found it difficult to put their message into the form of greatest helpfulness to the African. Their example, too, aside from the few industrial schools which have been established, holds up the ideal of an intellectual and spiritual life rather than that of mechanical and industrial efficiency which the Africans so much need. In these respects the Islamitic races have the advantage. They come in contact with the Africans in large numbers as merchants, industrials, and rulers; and it is not unlikely that they will continue to exert a far greater personal influence upon the African race than will the Europeans. This is true also of the Hindus, who are settling in large numbers along the East Coast. The French seem of all European nations to be most successful in charming the African natives into civilization. Their missionaries work in large communities, and are thus assisted by the experience of many societies operating for a long time. Moreover, the French do not exhibit an excessive sense of race superiority over the negroes. They have therefore already exercised a distinctive civilizing influence in their West African colonies.

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The classical example of a relation of mutual friendliness between the white race and the black is the life in the unhappy island of Martinique—unhappy not only on account of cruel natural catastrophes but on account of the terrible force of atavism which, with the gradual departure of the white population, is dragging the charming race of the island back towards the dark superstitions of African life. It is remarkable that in countries like Martinique, Hayti, and the southern states of the Union the vices of the negro population assume more repulsive aspects than they bear in the African home. This is due no doubt to the fact that the original social unity has in these cases been destroyed. An African society, although it may have barbarous customs, still has a unified social character which preserves a certain individual morality and dignity of life.

Liquor Legislation.—Another subject of great importance in colonial administration is the protection of natives against deleterious substances, such as liquors and opium. While in limited areas no special danger may accompany the introduction of spirituous liquors, the general experience has been that it has a disastrous effect on the health and morals of the native races of the colonies. The colonial governments have therefore attempted to restrict as far as possible the importation and sale of liquors. By the treaty of Brussels of 1890 it was agreed with respect to the Central African colonies¹ that in districts where,

¹ See page 112.

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on account of religious belief or from some other cause, the use of distilled liquors does not exist, the powers shall prohibit their importation. This treaty also called for a progressively increasing tax on distilled liquors to be levied for six years in all parts of the zone in which the above prohibition does not apply, as an experiment to determine the amount of a tax which would be prohibitory to the natives. As it was found that a tax of 52 cents a gallon would be prohibitory as far as the natives were concerned, another treaty was made in 1899, fixing the tax at this figure. In the Congo region, therefore, liquor may still be imported into the non-Mohammedan regions, but it is subject to a tax which only the small white population can afford to pay. It is the present policy of the British government also to impose a very heavy tax upon spirits imported into West Africa, for the reason, as stated by Mr. Chamberlain, that "it is the intention to discourage the drink habit, as it ultimately destroys all trade by destroying the population." As northern Nigeria is a Mohammedan region, the importation of liquor into it is absolutely forbidden. In southern Nigeria it may be sold, but a heavy license tax is imposed. In general, arrangements have been made in all African colonies by which the sale of spirituous liquors to natives could be made impossible, were these conventions and laws everywhere enforced.

Health and Sanitation.—One of the most essential requisites of social progress in the colonies is

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the improvement of the general sanitary condition of the natives. Very much attention has recently been given to this subject. In England and France schools of tropical medicine have been founded, in which tropical diseases are carefully studied, and experiments conducted in tropical sanitation and medicine. In the colonies themselves, as already stated, medical schools have been established in a considerable number. Very successful experiments have been made in the suppression of certain specific tropical diseases. Of the greatest importance in this connection has been the discovery of the malaria mosquito. Practical experiments in the destruction of the insect have been made with splendid success in many parts of the tropics. In Cuba the death rate from malaria and yellow fever has been reduced to almost nothing. It is reported that similar success has been achieved in Egypt, along the Suez Canal, and in many African settlements. Should it be possible thoroughly to eradicate malaria and yellow fever, the entire problem of tropical colonization would assume a different aspect. Residence in the tropics would become far more safe for Europeans and would be undertaken by greater numbers of them; and while perhaps the debilitating influence of the climate would still prevent the development of a large permanent white population, the ranks of colonists and sojourners in the tropics would be increased to such an extent that the work of tropical development would receive an impetus

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exceeding all expectations hitherto conceived. The health service has also received much attention in the colonies and dependencies. In India, vaccination is enforced generally among the people, as many as eight million successful vaccinations being reported in a single year. The hospitals of India treat annually about twenty million persons in all, of whom 400,000 are indoor patients. It is impossible to conceive what an amount of suffering and mortality has been prevented by these institutions. Attempts have been made through the *senana* mission to bring medical and surgical aid to the women of India, who, on account of racial and caste prejudices, have not thus far made use of the hospital facilities, and who are very much in need of an improved medical service. The *senana* mission trains women in surgery and medicine, and provides nurses and medical attendance.

Barbarous Customs.—A primitive social system will usually include institutions which to our mind are so barbarous that their continuance under the sovereignty of a Western nation seems impossible; and while we must be careful before utterly condemning an institution which we do not thoroughly understand, there is really but little doubt that certain practices should be abolished as speedily as possible. No one, no matter how anxious to preserve native societies, will criticise the Indian government for suppressing *suttee*, infanticide, and thuggism. As a matter of fact, one of the greatest titles of the Indian gov-

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ernment to credit has been the introduction of the conception of law and order and the feeling of personal safety into India. The Indian criminal code is a masterpiece of legislation. It shows the rationalizing tendency at its best, because it rests upon a foundation of simple orderliness which would be beneficial in any stage of civilization. Africa, too, is greatly in need of a rational criminal code. Human leopard and alligator societies exercise a horrible tyranny over the individual, enforced by the barbarous poison test, which is the means of destroying multitudes of people. But though such practices ought to be speedily suppressed, we must, on the other hand, carefully take account of the social ideas of the natives and not confuse their sense of morality by making that criminal which cannot be so considered in a primitive society. The French with their forest regulations in Algeria and the Germans with a multitude of police rules in their African colonies have made some grave mistakes in this matter.

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CHAPTER III

COLONIAL FINANCE

Colonial finance differs in some important respects from the finances of a fully developed nation. In the first place, a colony being a subordinate though distinct part of the national organism, its financial system must always be adapted to this relation of dependence. Colonies, however, cannot be assimilated to the local units of a national government because of the great diversity of conditions which prevail in the various parts of a colonial empire. In colonies, moreover, financial questions are even more closely connected with the general economic life than in independent countries; indeed, the more highly developed a country becomes, the more distinctly can finance be treated as a matter of revenue supply. In a new region where civilization is being built up painfully and in the face of formidable obstacles, there must be a careful calculation of the possible effect of any act of the government upon all the incipient economic institutions and relations. Thus, for instance, in colonies, the matter of direct taxation is intimately connected with the labor supply, customs duties control the development of trade, and the impor-

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tance of the land tax involves the government in the prosperity or the misfortunes of the cultivators of the soil. It is therefore not merely in its relation to the administrative system that we shall study colonial finance, but as an important instrumentality among the social forces engaged in the work of colonial development.

The original expenses of acquisition should be kept down with jealous care, for they readily attain such a height as to make it very problematical whether the first outlay can ever be recovered by the mother country even with a very favorable development of trade. It is easy to discount the future too much and, in the hope of gaining large profits from the exploitation of the untouched resources of the tropics, to incur a heavy initial expenditure. Though enormous wealth may potentially exist, the economic organization and the mechanism for its development must first be created at an expense which is itself large enough to constitute a serious obstacle. If to this is added an unduly heavy military expenditure, the colonizing government may be driven to encourage a quick exploitation of the natural resources and thus a policy not at all favorable to the growth of a normal civilization may be introduced.

Contributions by the mother country.—The different colonizing countries follow widely divergent policies with regard to the financial relations between the mother country and the colonies. Some countries estimate the prospective

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profits of colonial enterprise so highly and are filled with so generous a feeling toward the distant dependencies of the national empire that they are ready to spend liberal amounts in an effort to assist the colonies in their growth and progress. Other governments have looked upon their colonial possessions as constituting a rich estate from which large profits should accrue to the owner. Their entire energy has therefore been bent upon rendering their colonial possessions profitable either by creating in them a highly organized system of state agriculture, as in Java, or by exploiting the natural wealth in a reckless fashion, as in the earlier Spanish colonies and in the Congo Free State.

Midway between these two policies of colonial administration, Great Britain has held her course, acting on the principle that after the first cost of acquisition, the colonial establishments should support themselves; that they should neither rely upon the mother country for constant assistance nor be subject to levies of tribute. Great Britain therefore has always had a very small colonial budget, nor has she ever enriched her national treasury by direct contributions from her dependencies. More recently she has departed from this principle in exceptional cases; thus, India has for some time been made to bear a heavy burden of taxation for the purpose of paying the cost of imperial policies.

The practice of making direct grants in aid to colonial treasuries was recently begun by Great

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Britain in order to mitigate the chronic distress of the West Indies. Ever since the exceptional prosperity of the West Indian sugar industry disappeared, these colonies have severely felt the lack of the necessary capital for general economic development, and for a long time they have actually been on the verge of bankruptcy. In 1898 the British Parliament voted grants amounting to £174,500 to a number of the smaller islands in the West Indies, for the purpose of direct relief to the treasuries, for the construction of roads, and for the establishment of agricultural experiment stations. In 1900, a subsidy of £40,000 a year was granted to a steamship line which is carrying on the fruit trade between the West Indies and Great Britain; this subsidy is paid in equal shares by Great Britain and by Jamaica. A corollary to the grant of aid was the assumption by the Colonial Office of a more direct control over the legislative councils in these islands, upon the principle as announced by Mr. Chamberlain, that "when financial assistance is given to a colony by the imperial government the latter must have control over the finances." Shortly after these direct grants had been made, a system of imperial loans to weak colonies was established which will be discussed later on. On account of these and other similar grants, the British budget of colonial expenditure has risen very rapidly in the last few years. The largest increase in the expenses occurred in the year 1902 and is due principally to the grant of £2,550,000

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voted for the purpose of rehabilitating the conquered colonies in South Africa. In the same year £250,000 was voted as an additional grant to the sugar industries in the West Indies. The Uganda railway has also for several years been a source of heavy expenditure to the imperial government; this is, however, looked upon rather as a loan to be repaid gradually as the development of the railway may permit.

France has pursued an exceedingly liberal policy toward her colonial possessions. This is due to a certain extent to the fact that after she had lost her splendid prospects in North America and India, she conceived a special fondness for the few small possessions that remained to her. Martinique, Guadeloupe, and Reunion were at that time greatly cherished by the mother country, and the generosity with which they were always treated has in a measure been transferred to the possessions acquired later. It is only in the last few years that the French government has begun to look upon financial relations with the colonies in a more businesslike manner and has set up the requirement that the colonies should be self-supporting, a mandate which most of them are still far from complying with. The growth of the French colonial budget in the last half century has kept pace with the territorial growth of the colonial empire.¹

¹ The figures of the colonial budget are as follows:

1850.....	Fr.	13,465,314
1870.....	Fr.	26,563,122
1890.....	Fr.	68,682,412

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The principles of colonial finance which have recently come to prevail in France are embodied in the Law of Finance of 1900, which provides that all civil and police expenses shall be borne by the budgets of the individual colonies, that the state may assist the colonies by special subventions, and that the colonies may be required to furnish contributions up to the amount of the military expenses incurred in their behalf by the mother country. This law is an attempt to establish the principle of colonial self-support. The state no longer assumes any expenses except those of military protection, and even these may be partly or entirely apportioned among the colonies. The older practice under which the expenses of sovereignty fell in part to the mother country is therefore abandoned in this legislation. It has of course been impossible to put the various colonies on a basis of self-support immediately. The subventions voted to the French colonies in 1903 for the purpose of meeting civil expenses still amounted to more than 7,000,000 francs. The large deficit of the Algerian administration (about 75,000,000 francs a year, for military and extraordinary disbursements) must also be met by the mother country, and constitutes the

1903.....Fr. 112,546,832

The French colonial budget does not comprise all expenditures incurred for the colonies, *e. g.*, Algerian and Tunisian military expenses, pensions, marine subsidies, etc. Many of these expenses cannot be exactly apportioned between the mother country and the colonies. But those which clearly fall within the class of colonial expenditure, amounted to 198,000,000 francs in 1905.

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largest single item of colonial expenditure. Under the most favorable conditions it will take several decades before France will be able to reduce her colonial budget to the expenses of the central colonial administration in France, which, according to the plan of the law of 1900 should alone fall upon the mother country.

Germany has at present relatively the most expensive colonial possessions. Only one of her dependencies (Togo) has reached the stage of being self-supporting and the disproportion between expenses and revenue in some of them is almost unprecedented in colonial experience. In the budget of 1903 a colonial revenue of only 9,350,000 marks was set over against an imperial subvention of 27,388,800 marks. Of the total expenditure, 11,393,000 marks were spent for extraordinary works, while the current administration called for 25,216,000 marks; the colonies therefore paid less than two-fifths of their ordinary running expenses. The largest part of the deficit was due to public works then under construction at Kiaochau. The income of this colony or station in 1902 was only 363,000 marks, while its expenditure ran up to 12,588,000 marks. The budget for 1905 shows a revenue of 15,636,000 marks, but the subsidy has risen to the enormous amount of 75,928,000 marks, largely on account of the native insurrection in S. W. Africa. Were it not for this military expenditure, the subsidy would only be 29,286,000 marks, so that there is some improvement in the general finan-

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cial condition of the German colonies. While in 1896 the colonies paid only a trifle over one-fourth of their regular expenses, in 1904 they paid nearly one-half.

Contributions by the colonies.—Though Great Britain has never looked upon her colonies as a source of direct income to the national treasury, the British government is beginning to feel that most of the colonies are strong enough to contribute toward the naval and military expenses of the empire. It was expected that the Colonial Conference of 1902 would produce a consensus of colonial opinion in this matter, but the discussions on that occasion showed that, while the colonies are lavish in their expressions of loyalty and while they are undoubtedly willing to furnish aid in an emergency, they are not ready to adopt a fixed scheme of military contributions. The technical difficulty of apportioning such contributions among the colonies also stands in the way of the achievement of a satisfactory plan. Three bases of apportionment have been suggested: (*a*) the territorial extent of the individual colonies, which is plainly not a suitable criterion, as it would place on Canada twice the burden imposed upon India; (*b*) population, to which a similar objection may be urged on account of the burden which it would lay upon small but densely populated states of the empire; (*c*) the volume of commerce. The latter—the sum total of import and export trade—is by some considered the fairest criterion, as it constitutes an index of the

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individual energy and capacity of a state, and also because the expense in question is incurred primarily for the protection of this very trade. Still, upon this basis, such colonies as Hongkong and the Straits Settlements would be called upon to contribute an excessive share, and a special arrangement would certainly have to be made in their case. Moreover, it is urged that it would not be good policy to fine a colony for its development of commerce and that from the point of view of the industries of the mother country such a course would be especially objectionable. At the present time, therefore, the matter of colonial contributions to imperial defense is still in a decidedly unsettled condition.¹ Special arrangements have been made with individual colonies whereby they make contributions towards the expense of the navy and army. The military expenditure of the Indian Empire is far beyond the local needs and may therefore in large part be looked upon as a direct contribution for imperial purposes. It is indeed a matter of frequent criticism that the British Empire has imposed such a large part of her military expenses upon a poor country like India. In 1904 the total military expenditure of India amounted to £18,000,000, of which the sum of £5,600,000 was spent in Great Britain for such purposes as enlistment and

¹ The matter is to be taken up again by the Conference of 1906. Recently, the gross amount of revenue has been suggested as a basis for apportionment of contributions, but strenuous objection is made by Australia, whose income from railways forms a large part of her revenue.

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pensions. It is perhaps fairly correct to estimate that at least one-third of the total expenditure, or £6,000,000, is incurred for purely imperial purposes.¹

The French colonies are legally liable to be called upon to pay into the treasury of the mother country financial aids called either contingents or contributions. The right of the home government to call for contingents to help in meeting the expenses of sovereignty was created by the *Senatus-Consulte* of 1866, and the colonial budgets from that time down have contained contingents of moderate amounts. The only colony, however, whose contingents have arisen to a considerable sum is Indo-China; the amount paid by this dependency was nearly 5,000,000 francs in 1898, and in 1905 it had reached the respectable sum of 13,000,000 francs. The Law of Finance of 1893, which aimed at making the colonies more nearly self-supporting, provided that contributions could be asked for without reference to the expenses of sovereignty, for any purpose of the government. The tendency at present is to use the above two terms interchangeably, with a preference for the term "contributions."

The balance sheets of Dutch East Indian finance during the nineteenth century tell a very

¹ Arrangements have been made with a number of the crown colonies for contributions toward the expenses of imperial defense. Thus Hongkong contributes 20 per cent. of her revenue, provided that her contribution shall not exceed the cost of the local garrison. Ceylon since 1897 pays 9½ per cent. of her revenue, the Straits Settlements 17½ per cent., and Mauritius 7½ per cent.

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unusual story. In fact, among the present colonial powers Holland alone has drawn a large direct contribution from her colonial possessions. During the period of greatest financial prosperity in Dutch East India when the culture system was in full operation, from the years 1831 to 1875 inclusive, the colony paid into the treasury of the mother country the vast sum of 844,000,000 florins (\$337,600,000), which has aided very materially in reducing the public debt of the Netherlands, the heritage of a long series of European wars.¹ The first serious deficits made their appearance in 1877, occasioned by the Atchin War in Sumatra, which has not yet completely come to a conclusion. In the years from 1885 to 1890, the colonial finances were again somewhat more prosperous, but in the period from 1891 to 1901 the sum total of the deficits ran up to 81,000,000 florins. The military expenses continued very high all through this period and constituted over one-third of the total expenditure for a number of years. The budget of 1902 shows a deficit of 7,542,000 florins, that of 1903 an even larger deficit of 12,034,341 florins. These shortages, however, while paid by the mother country, are charged to the colonial budget and are ultimately to be repaid by the colony which also has to meet the interest account. In 1902 the Dutch East Indies paid towards the sinking fund and interest on the debt the sum of 3,860,000 florins.

¹ The total income acquired from Dutch East India from 1831 to 1893 amounted to 908,000,000 florins or about \$363,000,000.

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Colonial Systems of Taxation.—In the discussion of colonial taxation systems, we shall give but little attention to the self-governing colonies of Great Britain; for in these practically independent states, peopled by the descendants of European settlers, taxation problems assume in general the same aspect which they bear in European and American countries. In tropical colonies and dependencies, however, financial questions must be approached from an entirely different point of view. Governments there are dealing with populations unaccustomed to taxation or bound to a financial system too inflexible for the needs of modern economic development. In barbarian communities the system of taxation resolves itself ordinarily into the confiscation by the ruler of all the products of industry which are not absolutely necessary to provide a bare living for the cultivators of the soil and for the handicraftsmen. The moneyed classes are under barbarian rule allowed to exist on condition that they will from time to time submit to the process of forced loans in favor of the royal exchequer. Such in general outline was the system to which the states of India had become accustomed through the practice of centuries before the British conquest. That it obstructs all opportunity of social progress, that it discourages the accumulation of the economic surplus necessary for the work of civilization, is clearly apparent. A civilizing system of colonial finance must first of all try to solve the problem how taxation can be

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made productive of wealth through the encouragement of industry and of profitable public works and improvements.

In a country unprovided with the mechanism of modern industrial and political life it is a very easy matter to spend over half the proceeds of a tax in the process of collection; flexibility and inexpensiveness of the methods of collection are therefore prime desiderata. For this reason, indirect taxes are in general more advantageous in colonial administration than are direct imposts. Direct taxation presupposes the individualistic citizen who fully understands the necessity of taxation and, willing to contribute his share, prefers to know how much he is actually called upon to pay in order that he may keep a firmer control over the matter of public expenditure. Among more primitive populations, however, such political individualism has not as yet been developed. Moreover tangible property is often not present in a sufficient abundance to offer a basis for a direct revenue system, so that the individual is not easily reached except through indirect imposts. On the other hand, it must not be forgotten how easily an indirect tax, such as the various imposts on consumption may become a dangerous burden, and how the industrial future of the colony may be compromised through charges which rest as a heavy weight upon the trade of the community.

The committee of the American Economic Association which was appointed in 1900 for the purpose of studying the finances of the principal

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colonial powers and colonies, has summarized the conclusions of its investigations as follows:

First. The finances of each colony should be managed exclusively for the sake of the colony and for its development, and not for the advantage of the mother country.

Second. No uniform system of detailed fiscal management for a number of colonies in different parts of the world can be established. Each colony must be considered by itself and its system must be adapted to its conditions.

Third. Each colony should, as far as possible, be made self-supporting; but the mother country may well sustain the colony's credit or make advances to be repaid at a later date.

Fourth. In undeveloped colonies whose inhabitants are not capable of managing important public works, such as railways, canals, telegraph systems, etc., these improvements may well be owned by the government and managed by government officials rather than by private companies.

Fifth. The selection of sources of revenue must in each case be determined in accordance with the economic and social conditions of the colony.

Sixth. Where the colony is so situated that the development of trade with foreign countries is the chief economic consideration, import duties should be very low or practically non-existent.

Seventh. In colonies of undeveloped economic resources the chief reliance for general government income should be on a system of internal revenue taxes with compensatory duties on articles imported. Excise duties should be levied primarily on a few articles of general consumption, like alcoholic drinks, opium and rice. When any colony has decided advantages in the production of some specially favored commodities, like sugar, tobacco, hemp, etc., it may be desirable to impose business licenses or similar duties on them. It is even a question whether low export duties on such commodities may not be advantageously employed in exceptional cases.

Eighth. It is undesirable to utilize an *octroi* or a system

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of consumption taxes for local purposes. Local revenue should in most cases be derived in a large measure from real estate, business licenses, and kindred specific taxes.

The substance of this opinion is that in consideration of the low economic development of colonies the use of indirect taxes for the general purposes of the colonial budget is advisable. Direct taxes are better adapted to the purposes of local government. To a limited amount import duties also may be used; they should, however, be kept at a moderate figure in order not to retard the growth of colonial commerce. The recommendations of the committee are based chiefly upon the experience of British colonies. M. Leroy-Beaulieu, in his well-known treatise on colonization, does not reach the same conclusions as the American committee. Though he also favors a system of moderate import duties free from the protective element, he lays special stress upon revenue derived from the sale of public lands; nor does he reject the *octroi de mer*.¹ Nearly all authorities upon colonial finance are agreed that export duties, which have so long been placed under the ban by the economic science of Europe and America, can be used to great advantage in colonial finance.

Customs duties.—Of all financial questions in colonial administration that of the proper system of customs duties is the most important. The effort to develop colonial trade by means of customs tariffs, as well as the specific trade relations

¹ See page 103.

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of the mother country to the colony, will be taken up later in the chapter on Colonial Commerce. In this place we desire merely to investigate what are the actual methods pursued with respect to this branch of taxation and what relation customs duties bear to other forms of colonial revenue.

The percentage of the revenue derived from customs duties to the total income from taxation, according to the most recent statistics, is lowest in India (4.7 per cent.), in Java (8 per cent.), and in the French colonies (15 per cent.); while it is much higher in the British self-governing colonies (31 per cent.), and highest in the British tropical crown colonies (38 per cent.). These figures are not to be taken to imply that the *rate* of customs duties in the British crown colonies is the highest. On the contrary the rate is much higher in most of the French dependencies as well as in the British self-governing colonies. The percentages show simply what share of the colonial income is derived from this form of indirect taxation and they indicate its great importance in the British colonies. They also impliedly show how much the commerce of the French colonies with outside countries is suffering through the policy of high customs duties, since, although the rates of taxation are much higher than in the English colonies, the actual revenue from this source is relatively so unimportant in the French colonies. The complete exemption of French imports from taxation in most of the

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colonies also has the effect unduly to reduce the income from customs duties.

The customs duties in British India are very low. Import duties were entirely abolished in 1882, but on account of the crying financial needs of the government they were reimposed in 1894. The prevailing rate of duty is five per cent., but iron and steel pay only one per cent., and machinery is free. Cotton yarns and fabrics were for a time exempt from duties, but in 1894 a duty of five per cent. was imposed on them, counterbalanced by an excise on cotton goods manufactured in India. In 1896 this tariff was revised so as to make all yarns free and to impose a duty of three and one-half per cent. on woven goods, counterbalanced by an excise of the same amount. The policy of the Indian government concerning duties on cotton goods has been much criticised as subordinating the evident needs of Indian industry to the interests of British manufacturers. It is certain that with a very slight fiscal advantage the cotton industry of India would experience a remarkable advance and many native leaders urge that it is due to the industries of India that they should be given at least the advantage of the small revenue duty upon cotton goods without having it neutralized by the excise. The exceedingly low general range of import duties in India has also not escaped criticism. Many articles, especially those consumed by the wealthier classes, could bear a much larger import duty without any special disadvantage to commerce. In this way the

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burdens of taxation which rest so heavily upon the shoulders of the Indian peasant population could be somewhat lightened and distributed more in accordance with the ability to pay. As we have seen, only 4.7 per cent. of the entire revenue of India is derived from customs duties.¹ That source of revenue which in unadvanced countries is usually the principal reliance of the government, is therefore utilized to a very limited extent in the case of India, out of deference to the interests of the commercial class and of the British manufacturers. The general system is easily defended as in keeping with the free trade practice of England; but this is a case in which the direct advantage of free trade methods to the British industrials and merchants can be demonstrated as clearly as the fact that the system entails a drawback to the industries and the general economic life of the dependent country. The producing classes of India would certainly welcome the imposition of somewhat higher duties upon the things which India is able to manufacture. Still it would be unfair to blame the British nation for carrying through, in the case of India, the system of free trade upon which the entire fabric of its commerce rests.

In the crown colonies of Great Britain, which are completely under the control of the Colonial Office, the customs tariff is generally placed upon a revenue basis, the rates scarcely ever exceeding

¹ In 1903-4 the import duties produced about £3,900,000, of which £640,000 were derived from duties on cotton.

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10 per cent., except in the West Indies. Notwithstanding the low rates, the customs duties constitute the principal source of revenue in these dependencies. In 1900, out of a total sum of £7,927,000 of revenue raised in the principal crown colonies, £3,058,000 was collected in the form of customs duties.¹ Hongkong and the Straits Settlements, however, have absolute free trade, without even the lowest revenue tariff. This is due to the fact that these two colonies are the principal depots of oriental trade, and it is therefore considered inadvisable to hamper their commerce in any manner, no matter by how slight a duty.²

The colonies of France are divided into two groups. In the first of these the rates of the French customs tariff are levied upon merchandise imported from other countries than France. This system was instituted by the law of January 11, 1892. The effort to assimilate the customs policy of the French colonies at this time was due partly to the fact that some of the independent general councils had seen fit to impose

¹ In Jamaica the ratio of the proceeds of customs duties to the total of taxation is 45 per cent.; the duties are levied principally on foodstuffs, such as wheat and rice, and average 17 per cent. In the other West Indian colonies customs duties are also the principal source of revenue, and in most cases the ratio is even higher than in the case of Jamaica.

² In Ceylon, customs duties are the principal source of revenue, the largest amount being derived from duties on grain. Manufactured goods are taxed on the same scale as they are in India. In the British colonies of tropical Africa the tariff rates have been kept strictly upon a revenue basis, never exceeding 10 per cent. for ordinary manufactured articles.

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considerable burdens upon French commerce, so that it seemed advisable in the interests of the latter to increase the French colonial tariffs and to take from the general councils the power to fix the rate of import duties. Another reason for this legislation is to be found in the fact that the free trade sentiment which had dominated economic thought for several decades was growing weak and that the European nations were beginning to look upon their colonial domain as a proper field for the more exclusive development of their national trade and industry. It was therefore deemed advisable to place in the hands of the metropolitan parliament the power to wield the instrument of a customs tariff throughout the colonial empire.

The colonies embraced by this legislation are the following: Martinique, Guadeloupe, Reunion, French Guiana, Saint Pierre and Miquelon, Gaboon, New Caledonia, Indo-China, and Madagascar (since 1897). Imports from foreign countries into these colonies pay in general the rate of the French tariff, although minor modifications have been made in individual cases on account of the local circumstances of the colony. French imports are free from duties.¹ The principal products of these colonies, such as coffee, tea, cocoa, pepper, and spices, when imported into France, pay one-half of the rates imposed by the metropolitan tariff; sugar from the colonies pays the regular tariff rate with a rebate (*détaxe de dis-*

¹ They pay the *octroi*, and in Gaboon a slight customs duty.

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tance) of 2.25 to 2.50 fr. per 100 kilog. Raw cotton, jute, wool, mahogany, india rubber, gutta percha, hides and skins, ivory, and all ores, are on the general free list. The preference accorded to the colonies of France over other regions is therefore not equal to that enjoyed by French goods in the colonial markets, and larger advantages are persistently claimed by the dependencies. The colony or province of Algeria, while not comprised in the legislation of 1892, has a system similar to that of the assimilated colonies. The rates of the French tariff are enforced against foreign imports, but there is a complete reciprocity of free trade between France and the dependency, in keeping with the latter's position as a department of France.

From a fiscal point of view the policy of high customs duties in the colonies with a complete exemption in favor of imports from the mother country is a grave mistake, as it deprives the treasury of young colonies of a much needed income, which could be best secured through a light customs duty on all imports. If a preference is to be accorded the imports from the mother country, they should at least bear a moderate revenue duty, outside of the *octroi*.

The second group of French colonies is made up of those dependencies in which, on account of local conditions or of international agreements,¹

¹ Such as the Congo Act of 1885, and the Anglo-French Agreement of 1898. According to the terms of the latter, British goods receive the same treatment as French imports in Dahomey and the Ivory Coast for thirty years.

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France has not imposed the rates of her metropolitan tariff. The group comprises Senegal, French Guinea, the Ivory Coast, Dahomey, French Congo (as far as situated in the Conventional Congo Basin), Tahiti and the other French islands of Oceanica, Somaliland, and several minor dependencies. Senegal and French Guinea levy a low revenue duty upon foreign imports. All imports entering the other West African colonies and French Congo, whether from France or from foreign countries, are subject to the same low rates. This customs duty is therefore technically not called *douane*, but a consumption tax, because the term *douane* refers to a tax imposed only on the products of foreign countries.¹ The products of the colonies in this second list when entered in France pay the rates of the French tariff. By decree, however, a certain number of such colonial products have been admitted to favorable treatment. Thus coffee from the West African colonies and vanilla from Tahiti are subject to only one-half of the regular tariff rates; while bananas from Guinea and palm oil from West Africa are entirely exempt.

The protectorate of Tunis is under a special tariff régime. Imports of agricultural products from Tunis into France are free only if sent in French ships and up to a limited quantity, fixed by decree for every year. Whenever this limit is exceeded, other imports during the year in

¹ The Court of Cassation has, however, recently refused to accept this distinction. See Dislere, III, 195.

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question must pay the regular French tariff rates. Most French imports now enter Tunis free, while all foreign goods pay a protective duty.¹ While France has not fully applied her system of commercial assimilation to Tunis, the present arrangement favors French imports at the cost of those from other countries and gives Tunis a certain reciprocal advantage in the French customs system.

There is levied in many of the French colonies a tax similar to the import duties, yet differing from them materially in nature and practice—the *octroi de mer*. This is a consumption tax collected on the imports of a colony, for the benefit of all the communes within its territory. It differs from the ordinary municipal *octroi* in the fact that the latter is levied only upon articles of local consumption within narrow limits, whereas the *octroi de mer* strikes the objects of consumption which pass through any of the ports of the colony. Moreover, the municipal *octroi* is levied for the benefit of the commune where collected, while the proceeds of the *octroi de mer* are divided among all communes in the colony by the administration. The municipal tax strikes chiefly articles of food and drink, while the list of the objects embraced by the *octroi de mer* may also include general manufactures and raw materials. This impost is levied upon merchandise irrespective of the country of its origin; goods coming from France

¹ By special treaty British cotton goods cannot be taxed more than five per cent. up to 1912.

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therefore pay the same *octroi de mer* as those imported from foreign countries. This fact formerly led some of the colonies with general councils to establish a system distinctly unfavorable to the mother country. They lowered the general duties which were paid by foreign imports and raised the rates of the *octroi de mer*, which fell alike upon all merchandise imported into the colony. The power of the general councils to create a system thus unfavorable to France was taken away by the law of January 11, 1892. The general import duties are now fixed by the French government, and while the rate of the *octroi de mer* is still determined, in the first instance, by the general councils wherever such exist, it requires the approval of the colonial minister. The *octroi de mer* can thus no longer be used in the manner of a general import duty; the rates at present are low and the tax is levied distinctly for the purpose for which it was inaugurated.

The Congo Free State and the adjoining colonies are under international restrictions with regard to customs legislation. The Berlin General Act of 1885 established in the center of Africa a free trade zone which embraces the following colonies: that part of French Congo which is watered by tributaries of the Congo River, that is, practically all of French Congo except the colony of Gaboon; the whole of the Congo Free State; the portion of Portuguese West Africa lying north of the Loje River; the northernmost part of Rhodesia; the whole of the British Cen-

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tral African Protectorate; the part of Portuguese East Africa lying north of the Zambesi River; German and British East Africa, and Italian Somaliland, south of the fifth degree of north latitude. The zone thus extends from a point in the eighth degree of north latitude to a point in the thirteenth degree of south latitude, and in general embraces the natural basin of the Congo with its tributaries, the great Central African lakes, and the country lying between them and the Indian Ocean. The general act of Berlin provides that throughout "the basin of the Congo, its mouth and the circumjacent regions, the trade of all the nations shall enjoy complete freedom;" that, "merchandise of whatever origin, imported into these regions, under whatsoever flag, whether by sea, by river, or overland, shall be subject to no other taxes than such as may be levied as fair compensation for expenditure in the interest of trade, and these taxes for that reason must be equally borne by the people themselves and by foreigners of all nationalities, all differential dues on vessels, as well as on merchandise, being forbidden;" furthermore that "merchandise imported into these regions shall be free from entry and transit dues, the Powers reserving to themselves the right of deciding, after the lapse of twenty years, whether the freedom of import shall be retained or not." In the Brussels Conference of 1890, which was called avowedly for the purpose of devising means for suppressing the slave trade and slavery in Africa, very strong

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influence was brought to bear to modify the free trade provisions of the Berlin act. As a result the conference passed a Supplementary Declaration, which enabled the Powers having possessions or protectorates in the region of the Congo to establish duties on imported goods, the scale of which is not to exceed the rate of ten per cent. *ad valorem*, always excepting spirits and liquors, for which special arrangements were made. As a reason for this enactment it was urged that the suppression of the slave trade and the improvement of the moral conditions of the natives were imposing burdens upon the colonial powers in the Congo Basin which they could not meet with the existing financial resources of the colonies. The principle of free trade was not theoretically weakened by the Supplementary Declaration, as the dues to be levied are treated as a revenue tax and are in no way designed to give protection to industry in the respective colony or its mother country; moreover they are required to be levied impartially upon all merchandise no matter what may be its source.

The tariff duties in German colonies are in general upon the revenue basis. They range from one and a half to twenty per cent. *ad valorem*, and in no case has the principle of protection or preference been invoked in the matter of fixing the rate of taxation. In the Dutch East Indies the tariff was also put on a revenue basis in 1874; until 1886 the general rate of duties was six per cent., after which it was raised to ten per cent.

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The principal articles upon which duties are levied are textiles and spirits. The products of Holland do not enjoy the privilege of discriminating duties in the Dutch possessions.

The tariff system of the American dependency of Porto Rico has been assimilated to that of the United States. The rates of the United States tariff are enforced against all imports from foreign countries into the colony. In the Philippine Islands the revised tariff of 1891 was continued in force until 1901. This tariff had introduced the principle that Spanish goods imported in Spanish ships should be free from customs duties, it had increased the protective rates, and had practically abolished the free list. In 1901 a new tariff prepared by the Philippine Commission took the place of the Spanish legislation. Under the treaty with Spain no exclusive favor can be accorded the products of the United States for ten years. Nevertheless strong pressure was brought to bear upon the government of the United States to induce it to arrange the tariff in a manner favorable to the American producers, and the draft of the tariff law was submitted to prominent American industrials interested in the export trade to the Philippine Islands for their suggestions and approval. The Philippine tariff of 1901 (Laws of the United States Philippine Commission, Act No. 230) in general lowered the rate of duties, as compared with the tariff of 1891, by about one-fourth, the average rate being reduced from 24 to 18 per cent. The products upon

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which the rates were reduced most radically are wheat (from 47 to 25 cents per hundred kilos), flour, canned fruits, canned meats, lard and canned salmon. Although until 1909 the tariff must treat all nations alike, still the American importer may be favored by lowering the duties on those articles which the United States can most readily and easily supply.¹

Export duties.—As already intimated export duties constitute a class of taxation which has long been in disfavor among economists. Under the special conditions found in the tropical colonies, however, this nearly discarded method of taxation is again coming into use. It is considered especially advisable in the case of articles of which there is but a limited supply, such as ivory and rubber. The tax, it is argued, will be added to the price of an article which the outside world is in great need of; thus it will be paid by the foreign purchaser and not by the inhabitants of the colony. Besides providing much-needed funds for the colonial treasuries, the export duty

¹ The Philippine Tariff was revised by Congress in 1905, the bill for this purpose having been drafted by the Philippine Commission and the War Department. The practice of favoring American goods through classification was continued. For the sake of revenue, the rate of taxation was increased on lumber, mineral waters, and rice; but it was decreased by one-half on furniture and porcelain and lowered to five per cent. on machinery. Imports from the Philippine Islands to the United States pay 75 per cent. of the rates of the American tariff. The proceeds are turned over to the Philippine treasury. On account of the obstruction to Philippine commerce due to this tax, the Philippine Commission has repeatedly urged Congress to lower or abolish the duties upon Philippine imports into the United States.

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incidentally protects the valuable supplies of natural wealth by raising the price and thus to a certain extent checking the consumption. An export duty may also be used for the purpose of creating a differential advantage in favor of the trade between the mother country and the colony. Thus through the remission of the export duties on hemp shipped from the Philippine Islands to the United States the current of general Philippine trade is being turned toward the United States to the disadvantage of the other competing powers. Another novel use of export duties is the protection of industries within a colony. In 1903, the government of the Malay Federated States imposed an export duty of \$30 per picul on all crude tin ore exported from the States, thus practically requiring that all ore should be smelted in the colony. The duty is intended to meet the machinations of a powerful syndicate of capitalists who are trying to draw the tin ore out of the Federated States in order to build up a smelting industry in some other country. The various uses of the export duties outlined above open up a long vista of possibilities in the way of differential rates of protection and of preferences to the mother country, and indicate the probable complexity of colonial commercial relations in the future.

In India an export duty of $2\frac{1}{2}$ rupees per 100 pounds is levied on rice, which produces about £600,000 annually, and is maintained chiefly on account of its productivity. In the Federated

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Malay States an export duty of 10 to 15 per cent. *ad valorem* is levied on tin; this is the regular tax, to which the special duty recently imposed and mentioned above must be added. In Ceylon there are export duties upon plumbago, cinchona, and several other local products; the tax upon plumbago equals about 25 cents per hundred-weight, and it constitutes the most important single item in the revenue derived from this source. In the African colonies an export duty is usually levied upon rubber and ivory. Thus in Rhodesia the duty of four pence per pound is levied upon rubber and nine pence per pound on ivory. The system of export duties is not used in Jamaica and in the other British West Indies.

In the French colonies export duties are also used quite generally as a regular part of the revenue system. In the French West Indies such duties are levied on sugar, coffee, cocoa, and other tropical products. In the French sugar producing colonies the rate of export taxation has been an important political question during the last few decades; the general councils, representing the colored majority, repeatedly raised the export duty and thus imposed a considerable burden upon the principal manufacturing industry of the colonies. In the French African colonies, export duties constitute a very important part of the colonial revenue system. In Guinea an export duty of 7 per cent. *ad valorem* is levied upon general colonial products, while a duty is in many colonies imposed upon rubber and ivory. In

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that portion of French Congo which belongs to the conventional Congo Basin, as well as in the other colonies which form a part of this region, the export duties were fixed by the Lisbon Convention of 1892, at 10 per cent. *ad valorem* on ivory and rubber and five per cent. on other tropical products. In Indo-China an export duty is levied upon rice, fish, silk, and other products; and Madagascar has an export duty on cattle, which is imposed for the purpose of discouraging excessive exportation.

In the German colonies, with the exception of Kamerun, export duties are high, and the proceeds therefrom figure prominently in the colonial revenue. The principal objects of taxation are rubber, ivory, skins, copal, cattle, guano, cotton, and copra. In the Dutch East Indies the rate of export duties has constantly been diminished, and there has been a tendency to restrict this form of taxation more and more. In 1886 the suggestion to abolish the export duties upon colonial products when exported to the Netherlands was refused by a decisive vote in the Dutch parliament. At present the income from this source of taxation is about 2,000,000 florins. The export duty on sugar was abolished in 1898; but duties are still levied upon coffee, tobacco, tin, indigo, and forest products.

In the Philippine Islands the following are the principal export duties levied, per hundred kilos: hemp 75 cents, indigo 25 cents, rice \$1.00, and tobacco 75 cents to \$1.50, according to the prov-

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ince of origin. The returns from this form of taxation for the fiscal year 1902 were \$884,500, or ten per cent. of the total insular revenue. The export duty, as has been stated, is remitted upon all hemp imported from the Philippine Islands into the United States. This provision has already had a marked effect upon the current of hemp trade. In the short period from 1900 to 1902 the value of hemp exported to the United States rose from \$5,000,000 to over \$10,000,000; and in 1903 it advanced further to \$11,300,000. This increase is partly to be accounted for by the fact that hemp formerly imported into the United States by way of Great Britain is now shipped directly, in order to profit by the rebate.

Consumption Taxes.—In the matter of consumption taxes, considerations other than fiscal are very important, such as the protection of the native population against the vices of drink and gambling, or the confinement of these and other vices to a certain part of the population among whom their suppression may not be feasible. The general act of the Brussels Conference of 1890 rendered the taxation of spirituous liquors obligatory in the tropical African dependencies. According to the terms of this act, the colonies lying between the twentieth degree of north latitude and the twenty-second degree of south latitude, must have a tax upon liquors of not less than fifteen francs per hectoliter. By the Brussels Convention of 1899, the rate was raised to seventy francs per hectoliter (50 cents per gallon) of

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liquor containing fifty per cent. of alcohol. The rate is increased for the higher grades.

In the British colonies the excise forms an important part of the taxation system. The Indian excise upon spirits shows a remarkable increase in the last thirty years. While in 1870 it brought in Rx 1,250,000, in 1904 the income from this source had risen to Rx 7,500,000. As the general abstinence of the people of India has not been impaired during this period, the increased productivity of the tax is due very largely to improved administration and to the suppression of illicit sales. One of the most important sources of Indian revenue is the salt tax. Throughout Oriental countries where the populations have few wants and are not easily reached by taxation a duty upon an article necessary even to the poorest people becomes an important means of furnishing revenue. In India a salt tax of two rupees per maund (about four-fifths cents per pound) is levied, being just about equivalent to an average tax of ten cents annually per head of the population. It brings in over 77,000,000 rupees, and constitutes 10 per cent. of the revenue from taxes.¹ It has often been urged that this tax should be abolished on account of the poverty of the Indian population, but the Indian government insists that as no poll tax is levied in India the salt tax constitutes the only means by which the entire population can be reached, and that it cannot be

¹ In some of the interior provinces of India the government maintains a monopoly of the sale of salt, for fiscal purposes.

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asked to give up so important a source of revenue. Yet in 1903 a decrease of the tax was rendered necessary by the fact that even this apparently light form of taxation led to an under-consumption of salt to such a degree as to endanger the public health.¹

In the Straits Settlements there exists a most interesting system of excise duties. As we have seen, this colony avoids all taxation of commerce. It gains its principal revenue by taxing the vices of the Chinese, and for the sake of efficient administration uses the system of farming out to Chinamen, the privilege of selling opium and spirituous liquors and of keeping pawnbroking shops. In the Federated Malay States there is in addition to the above, a system of farming out the right to keep gambling houses. The importation of opium is very strictly regulated. Only a certain amount is permitted to be imported and it can be sold only by the persons who have a government license. The price and the amount to be sold at wholesale or retail, as well as the quality of the opium are strictly regulated by the government. Similar regulations are made in connection with the sale of spirits, and with respect to pawnshops and gambling houses. The system, which has been much criticised, is defended on the grounds that the government must enlist the support of the Chinese for the collec-

¹ The reduction of the rate of the salt tax led to such an increase in consumption as to cause the revenue from this source to be actually augmented.

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tion of the revenues accruing to the state from these privileges, because otherwise a highly expensive system of espionage and control would be needed. By the sale of the right to manufacture and retail opium, to sell spirits, and to keep pawnshops and gambling houses, the government is enabled to maintain a strict control since the farmers can be held responsible. These, on the other hand, will be prompted by their own interests to prevent illicit trading and will be careful to observe the government regulations in order not to forfeit their privileges. The relation of the farming system to government monopolies we shall take up later on.

The excise tax forms an important part of the revenue system of Porto Rico. The government of Porto Rico encountered the problem of reforming the oppressive and confused system of consumption taxes of the Spanish régime. The system which has been established comprises taxes upon distilled spirits of all kinds, fermented wines, champagne, cigars, cigarettes, tobacco, playing cards, oleomargarine, matches, arms and ammunition. There is further a system of licenses for wholesale and retail dealers in spirits, cigars, and tobacco, as well as in arms and ammunition, with fees varying from \$4.00 to \$80.00 per year. The third part of the Porto Rican excise system consists of stamp duties upon bills of lading, custom house entries, and notarial instruments. All these taxes are paid by the affixing of internal revenue stamps. The proceeds of the

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excise tax are divided between the general and the local treasuries. Under the Spanish régime sixty per cent. of the consumption taxes were levied upon ordinary articles of food. The essential principle of the American system has been to place them upon luxuries and to free the articles of ordinary consumption as well as the general commercial pursuits from the weight of local taxation. According to the latest estimates 35 per cent. of the total revenue of the islands will be furnished by the excise duties. The government believes that the larger portion of these taxes has been shifted from the consumer to the retail dealer.

In the Philippine Islands a very elaborate system of internal revenue was adopted in 1904 (Act No. 1,189), based largely upon the experience of our government in the United States and in Porto Rico. It is, however, the most sweeping measure of taxation ever devised for a dependency, and it also includes a tax on business and occupations. On the side of excise taxes the law comprises fixed license taxes for the manufacture and sale of distilled or fermented liquors, cigars, cigarettes, and tobacco; as well as taxes on these products and on matches and lumber, determined according to the amount, for instance, 20 centavos on each liter of proof spirits. Stamp taxes are imposed on practically all transactions in which writing is required; stamps must be affixed to stock certificates and transfers, checks and drafts, insurance policies, bonds, notes, re-

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ceipts, certificates, bills of lading, passage tickets, proxies, leases, agreements, deeds, mortgages, charter parties, etc. The government has certainly been successful in discovering all possible objects of taxation; it remains to be seen what effect this measure will have on the business of the islands, which has additional burdens to bear in the form of industrial taxes. The proceeds of the internal revenue, with trifling exceptions, go to the insular treasury, which, however, pays ten per cent. to the provincial and fifteen per cent. to the municipal governments, the amounts being apportioned according to population.

Fiscal Monopolies.—Though fiscal monopolies are practically a method of collecting consumption taxes, they involve an entirely unique administrative organization. Very often fiscal monopolies make use of tax farming, and the system of farming may be looked upon as a qualified form of the monopoly. A true fiscal monopoly, however, occurs only where the state itself engages in the business of manufacture, or of wholesale and retail trade in any product or commodity.

In British India the opium monopoly constitutes an exceedingly important source of revenue, bringing in 70,000,000 rupees a year. The cultivation of the poppy is permitted only in parts of Bengal and of Agra, except in certain small areas for local consumption. The cultivator is required to deliver his whole crop to the government agents at a fixed price. The opium is prepared for market in government factories, and is

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then sold at auction in Calcutta, for export to China and other Oriental countries. The opium monopoly was inherited by the British government from the East India Company. As it constituted so valuable a fiscal resource, and as it also had in its favor the humanitarian argument of preventing the spread of the use of opium in India, the government adopted it as a permanent part of the Indian fiscal policy.

In the Dutch East Indies there also exists a monopoly of opium. In this case, however, it is a monopoly of the wholesale trade. Home production and private importation of opium are prohibited, and the entire supply of opium is procured by the government, chiefly from British India. The privilege of retailing the opium is farmed out to the highest bidder. The government experienced very great difficulty in trying to prevent illicit trade in opium, and it therefore established a system called the *tiban* and *siram*. The amount which any region is likely to use (*tiban*) is carefully estimated by government officials; the local opium farmer is then obliged to buy an amount equivalent to this, and is furnished with whatever he may need in excess (*siram*) at cost, up to the maximum established by law. The purpose of the system is to prevent smuggling; the farmer being required to buy a certain amount of the government and then having the opportunity to get more at a low price, has no incentive to buy of illicit traders. It would seem that the system would encourage the

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excessive use of opium, as the surplus can be obtained at a low figure, but in fact the maximum allowed by the government is rarely reached. The system thus outlined has nevertheless not proved entirely satisfactory in its effect on the people; therefore, beginning with 1893, experiments have been made in carrying on the retail sale under government administration (*régie*). In several of the provinces of Java this system has already been introduced, definite regulations have been made by law in 1898, and it is now very probable that governmental administration will gradually supersede the system of farming. The administration of the system in the old form is very inexpensive and almost the entire income may be counted as net revenue. In 1902 the opium monopoly brought in 19,000,000 florins. In the Dutch East Indies the privilege of keeping pawnshops and gambling houses is also farmed out to private individuals, usually to Chinamen. The combination of pawnshop, gambling house, and opium den in the hands of Chinamen, has not been found at all desirable, although the government regulations have succeeded in preventing the worst abuses. Salt is also the subject of a government monopoly in the Dutch East Indies. It is both manufactured and sold by governmental agencies. As in British India, the salt revenue is regarded as taking the place of a capitation tax, and is therefore maintained as the best means of reaching the entire mass of the popula-

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tion. The income from the salt monopoly in 1905 was 11,900,000 florins.

Indo-China has recently established a very interesting system of government monopolies. Up to 1897 the taxes upon opium and liquors and the general indirect contributions were farmed out, except in the colony of Cochin-China, where the abolition of the system of tax farming began in 1882. The business of tax farming was almost entirely in the hands of the Chinese and the abuses of the system were exceedingly great. Local notables were bribed by the Chinese agents, and opium and liquor were sold to the natives on credit at ruinous rates of interest, with the result that large numbers among the natives were dispossessed and forced into poverty. Moreover, the net revenue realized by the government was relatively small. Since 1897 the administration of these taxes has been gradually taken over by the government as a *régie*, and the trade in opium and in salt has been turned into a government monopoly. The opium is purchased from British India and Yunnan in about equal parts. It is manufactured in government factories and is then sold through government agents and through private dealers, which latter are permitted to make a profit of 10 per cent. upon their sales. The danger from contraband trade is the most serious defect of the system and the strictest kind of regulation is necessary to prevent illicit importation. The French have chosen a system opposite to that in use in the Straits Settlements,

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because they found the private tax farmers utterly unscrupulous and because they anticipated large returns to the colonial treasury under the new arrangement. In the latter respect they have been gratified, notwithstanding the difficulties that have been encountered. The government income from opium has risen from 3,900,000 piasters (= Mexican dollars) in 1896 to 7,000,000 piasters in 1902. The sale of salt has also been turned into a government monopoly. The administration buys the salt from various producers and sells it from government magazines at a fixed rate, which includes a tax of four centimes a kilo. When the government depots were first created in 1898 the natives were reluctant to purchase from them on account of the report spread by native dealers that the government salt was inferior in quality and unhealthful; but the lower price and the excellent quality of the salt very soon drew the general current of trade toward the government magazines. The system of farming was replaced by the system of direct *régie* within the short space of two years. The total income from the so-called grand *régies* in Indo-China (opium, liquors, and salt) rose from 5,500,000 piasters in 1896 to 14,820,000 piasters in 1902. This is certainly a testimonial of great administrative success, when it is considered that the actual burden upon the population was not increased by the changes that have been introduced.

In Tunis there are several government monop-

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olies—in tobacco, gunpowder, and salt. The total income of the state from these sources in 1903 was 7,935,000 francs, the largest share of which is derived from the tobacco monopoly. The cultivation of tobacco is permitted only in certain localities, and the entire crop must be delivered to the agents of the state administration at a fixed price.

The Japanese government in Formosa has recently established fiscal monopolies in opium, salt, and camphor. The opium monopoly has been established not for the purpose of gaining revenue from the vices of the Chinese, as in the case of Singapore, but for bringing about the gradual suppression of opium smoking. It has been decided to abolish the practice by degrees. Newly to commence opium smoking is entirely forbidden, total abstention being required from all who have not already formed the habit. The revenue obtained from the opium monopoly is about \$2,000,000 a year. The monopolies of salt and of camphor are intended to become permanent parts of the fiscal system. Camphor is one of the most valuable products of Formosa, which practically furnishes the entire supply of the world. The government monopoly was established for the purpose of improving the methods of production and placing the industry upon a scientific basis. Heretofore only the crudest processes of procuring and manufacturing the camphor had been employed by the natives. Under a scientific system, the supply will be increased

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and a vast improvement may be achieved in the quality of the product as brought into the market. The annual yield of the camphor monopoly is also in the neighborhood of \$2,000,000.

Direct Taxes.—We have seen how important a part is played by indirect taxes in any system of colonial finance. In some dependencies, such as the Straits Settlements and the West African colonies, the fiscal system is based almost entirely upon this source of revenue. It is indeed a question whether it is at all wise to introduce the machinery of direct taxation into colonies with meager or undeveloped natural resources. The collection of direct taxes is expensive in a society living in primitive economic conditions, and it can be carried on effectively only where the authority of government is firmly established and recognized throughout a dependency. The imposition of direct taxes is apt to irritate the population, especially in Africa, where they are not accustomed to levies of this kind. To plead the educational effect of direct taxes seems an assumption of too high a development of the political side of native life, when we consider how unpalatable this form of taxation is even for the most advanced nations. Some of the forms of direct taxation common among Western nations, such as the inheritance tax, the income and the general property tax, are not extensively employed in colonial finance. There are, however, three forms of direct taxation which are of gen-

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eral importance in colonies—the hut tax, the land tax, and the capitation tax.

The Hut Tax.—Hut taxes have been introduced into the European colonies in Africa because the huts of the natives form the only available objects of direct taxation. The great popularity of the tax with the administration of South Africa is due to the fact that the tax is there used for the purpose of increasing the supply of native labor. The tax rate has, therefore, been placed at a very high figure in South Africa, reaching 14 shillings per hut in Natal and £1 in Basutoland. The attempt to introduce this system into the West African colony of Sierra Leone led to unfortunate consequences. When in June, 1896, the British protectorate over the hinterland of Sierra Leone was declared, it was at the same time announced that the waste lands were to be administered and distributed by the government of Sierra Leone. This part of the ordinance was very unfavorably received by the natives, and when it was followed by the levy of a hut tax of 5 shillings a year upon smaller and 10 shillings upon larger huts the opposition of the natives took the form of armed resistance. The tax was to be collected by the chiefs through the headmen, who were to receive a moderate commission. The tax could be paid in kind, and villages of fewer than twenty huts were to be exempted when at a great distance from places where employment could be had. The natives looked upon this tax as a step toward confiscation and not

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being accustomed to the payment of compulsory taxes, their contributions heretofore having been voluntary and irregular, they opposed the collection of the tax by force of arms. They were, however, put down and the colony was gradually pacified. The Colonial Office, contrary to the advice of the commissioner sent to investigate the matter, decided to retain the hut tax as a permanent form of revenue. While the imposition of a moderate hut tax may in general seem expedient, both as a fiscal measure and as a means of accustoming the natives to a settled form of taxation, there can be no doubt that the manner in which this kind of taxation has been used by the British in West Africa is far from being just and statesmanlike. There has been a woeful lack of consideration for native customs and ideas; the taxes were imposed without any preparation and entirely against the feeling of justice among the natives; and the collection has been in many cases oppressive. Consequently the policy has not even succeeded as a fiscal measure, since the expenses of collection are enormously high.¹

The Indian Land Revenue.—The most important and interesting system of land revenue is

¹ The tax has also been introduced into some of the French colonies where it has been used with greater success. In French Congo the government levies 3 francs upon huts and 6 francs upon houses built of planks and provided with a veranda. The natives are allowed to pay the tax in the produce of the region and they may also arrange to pay by installments. A tax of two francs is levied in Madagascar and in Somaliland. In German East Africa the hut tax is one of the most important sources of revenue, yielding in 1902 over one million marks.

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that of India. Throughout the Orient the state claims the ultimate right of property in the soil; the natives hold their land of the government as of a landlord,¹ and the payment made to the state is therefore technically considered not a tax but a rent. In India we speak of the land revenue, in Java of the land rent, but the term land tax is not used in either case. The amount of land revenue paid by landholders in British India to the government is fixed either by a permanent or by a temporary settlement. The principal permanent settlement is that made in Bengal by Lord Cornwallis in 1793. Other permanently settled revenue districts are found in Agra and in Madras. In these districts the demand of the state has been rendered fixed and unalterable. In Bengal the revenue is collected by the government from the zemindars, who before the Permanent Settlement were tax gatherers or local nobles. The settlement legislation gave them the position of landlords and made them personally responsible for the payment of the revenue from the lands under their control. The government does not at present favor the extension of the permanent settlement system, because it is believed that the state should share in the advance of the value of the land in which, according to the principles of Oriental policy, it has a proprietary interest. As a matter of fact the zemindars of Bengal, the richest province of India, pay an altogether inade-

¹ See chapter on the Land Policy.

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quate land tax, under the rates established by the settlement of over a century ago.

The lands subject to temporary settlement are of two kinds, the zemindari and the ryotwari lands. The zemindari, or landlord, tenure prevails in the Central Provinces, Agra, Oudh, and the Panjab. The share of the state in the revenue of these lands was originally very large. The Mogul government fixed its share by estimating the rents paid by the tenants, deducting therefrom the cost of collection, and allowing the zemindars one-eleventh as their commission; it, therefore, appropriated ten-elevenths of the net revenue or "assets" of the land as the share of the state. This rate has not been adhered to by the British government, but was reduced gradually until the principle was laid down in 1885, in the Saharanpur Rules, that in fixing the share of the state the collector will bear in mind that about one-half of the net "assets" should be the government's share. Even this rate has, however, not been enforced to the full; and it may be said in general that the government's share under the settlements at present in force is less than one-half of the net revenue. In the province of Agra prospective income is excluded from consideration, and allowance is made for poor crops and for improvements made by the landlord; the average is thus brought to less than 50 per cent. of the "assets." In the Central Provinces the share of the state was originally 75 per cent.—as under the Maratha government—but here too

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there has been a progressive reduction in the rate of assessments. In the Panjab the general average does not exceed 45 per cent.

The ryotwari settlements are found in those parts of the country where peasant proprietorship is the prevailing form of tenure, that is, in the provinces of Madras, Bombay, Burma and Assam. Here also 50 per cent. of the value of the net produce after the deduction of the cultivation expenses is the formal standard of the rate exacted by the government. This, however, is hardly anywhere enforced to the full. The question has arisen what part of the gross revenue would form the proper equivalent of this standard. It had been claimed by the critics of the Indian government that one-fifth of the gross revenue constitutes such an equivalent and that this should not be exceeded in the collections under ryotwari settlements. The Indian government in its reply has shown that the assessments hardly ever have reached one-fifth of the gross produce. Liberal reductions have been made on account of unprofitable cultivation, distance from markets, and other drawbacks, so that the theoretical measure of assessment of one-half the net produce is scarcely ever completely enforced. The process of reassessment of the lands for the purpose of making new settlements is naturally the cause of considerable agitation and apprehension to the native. After he has been enjoying the unearned increment of the land for many years, to have it suddenly taken from him is not

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an agreeable prospect. The policy of the government, however, is to adhere to the principle that it has a proprietor's share in the increased value of the lands, which is ascertained and claimed for it by revising the settlements from time to time. Usually the period for which temporary settlements are made is thirty years, with twenty years in the Panjab and in some other parts of India where conditions of cultivation change rapidly. The improvements made by the tenants, such as wells and irrigation canals, are exempted in the assessment.

In addition to the land revenue there is imposed upon Indian lands a tax for local purposes, such as road building, forestry, and education, which is called a cess. It is levied upon the rate of revenue paid to the government, and varies from 4 per cent. to 14 per cent. of the revenue charge; so that a tenant paying a land tax of, let us say, 32 rupees, will, in addition, be subject to a local cess of between one and four rupees.

That the burden of taxation upon the Indian land-holding class is heavy cannot be denied; many critics of the Indian situation have gone so far as to lay the frequency and violence of famines directly to the exhaustion of the resources of the Indian cultivators through excessive taxation. The government, however, does not admit that a reduction in the amount of taxation would materially improve the condition of the peasant class. Nevertheless it attempts to make the taxation more flexible by exempting from the rev-

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enue charge lands which are, on account of climatic conditions, temporarily unproductive. This system has not as yet been fully worked out. Thus far reductions are allowed only on irrigable lands which have not produced a crop on account of the failure of the water supply. Non-irrigated lands, if left unsown, are exempted from assessment only in Burma and Assam, but in general lands which are dependent upon the natural rainfall pay a fixed assessment irrespective of their produce. A general system of exempting lands for a shortage of crops does not recommend itself to the Indian government, though it is ready to allow communities of peasant cultivators a reduction when a material shortage is clearly proved. Such reduction is then distributed among the individual proprietors. The policy of the Indian government with respect to the land revenue comprises, therefore, "first, progressive and gradual imposition of large enhancements of the assessment upon revision; second, a greater elasticity in revenue collection, facilitating its adjustment to the variations of the seasons, and to the circumstances of the people; third, a more general resort to reduction of assessments in cases of local deterioration, where such reduction cannot be claimed under the terms of the settlement."¹

Land Tax in Egypt.—In Egypt the land tax has always been the principal source of public

¹ Land Revenue Policy of the Indian Government, page 47.

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revenue.¹ Since 1890, the Egyptian government has followed the policy of diminishing the direct, and increasing the indirect, taxes in order to secure a more even distribution of taxation. The tobacco tax has therefore been materially raised and at the present time about three-eighths of the total revenue is obtained by means of indirect, five-eighths by means of direct taxes. A careful cadastral survey of the Egyptian lands is at present in progress and the administration is attempting to equalize the land tax in its operation. The standard upon which land taxes are levied is 30 per cent. of the net revenue or rental value of the land. Although this standard is somewhat lower than in India, it is lived up to more closely than is the Indian standard of one-half of the net revenue. The land tax weighs rather heavily upon the peasant proprietors, causing them to resort to forms of exhaustive cultivation, such as sugar and cotton culture. As only irrigated lands can be used for agricultural purposes and therefore they alone pay taxes, the connection between irrigation and the public revenue is very direct in Egypt. Through the great public irrigation works which have been constructed since the beginning of the British occupation, the area of taxable lands has been increased by one-third. The present complete solvency of the Egyptian

¹ Since the British occupation the tax rate has been reduced from 22s. to 18s. 3d. per acre. The amount produced by the land tax in 1902 was £E4,661,300 (the Egyptian £ equals \$4.94).

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treasury is due almost entirely to this increase of the basis of taxable property.

In the Federated Malay States a land tax has been introduced which is based rather upon the European and American model than upon the land revenue system of India. The tax is comparatively light, amounting to from 20 to 40 cents per acre, and \$1.00 to \$2.00 for building lots in towns. In Jamaica there is no unified land tax but a number of different "rates" are levied on the real property. The principal of these rates are the quit rent or acreage tax, the holdings tax, which is graded according to the number of acres held in one estate, and the house tax. The income derived from the various forms of land taxes in Jamaica is about one-fifth of the total revenue. In other British tropical colonies the land tax is either entirely absent or is an unimportant source of public income.

The Javan Land Rente.—In Java the land tax varies according to the nature of the tenure by which the land is held. The private holdings which were alienated by the government to Europeans early in the nineteenth century, pay the comparatively low tax of three-fourths of one per cent. on the cash value of the property, which is assumed to be ten times the annual rental value. The lands which, under the law of 1872, have been leased out in inheritance tenure (*erfpacht* or *emphyteusis*) for a period usually of seventy-five years, pay a land tax of from one to five florins per *bouw* (about 1.7 acres). The most im-

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portant source of the Javanese revenue, however, is the lease tenure of the native peasants. Like other Oriental governments that of Java considers itself the ultimate owner of all lands under its administration. It therefore shares in the revenue derived from the land. The land tax (*land rente*) in its present form was introduced by Sir Stamford Raffles during the brief period of British rule. He was decidedly opposed to the *corvée* then in use and desired to put a rational system of taxation in its place. During the earlier years the amount of the land tax was fixed in the case of each village through consultation of the local officials with the village elders. By the law of 1872, it was attempted to render the system more definite and to give a certain amount of fixity to the assessments. The villages were divided into ten classes according to the average fertility of their lands.¹ According to the law, assessments were to be made every five years; but as this term proved too short it was enacted in 1878 (statute No. 110) that the valuation of the year 1877 was to be retained permanently, subject

¹ The lowest class contains those villages whose lands produce a return of from ten to twenty florins per *bouw*. In the higher classes the amount increases by ten florins for each class, the highest therefore showing an average fertility of a hundred florins, or over, per *bouw*. The land tax was to be one-fifth of the lowest value in the class to which the village belongs. Thus a *desa*, or village, with 200 *bouws* of land yielding 26 florins per *bouw*, would be assessed by multiplying the number of *bouws*, 200 by 21, the lowest average yield of the class to which the village belongs. One-fifth of this amount, or 840 florins, would constitute the tax imposed upon this village.

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to the power of the resident with the consent of the governor-general to revise the assessment in any particular case. Such liberal use was made of this power of revision that the system became even less fixed than before 1878, and the general indefiniteness and uncertainty of assessments was looked upon as a great hardship. Accordingly in 1889 the assessment of that year was made binding for four years, and again in 1895 the assessment then in force was continued until 1900.

The defects of the system as it has been in practical operation during the last half of the nineteenth century are apparent on the surface. The assessments are not fixed according to any general principles or by any precise methods, but are still largely the result of negotiations between the officials and the villagers. The tax is assessed upon villages rather than upon individual tenants, because the former are the units of Javanese political and social life. The fact that the gross product rather than the net revenue is taken as a basis of computation must be criticised, as this method imposes too heavy a burden upon the natives if consistently carried out. Moreover, the net revenue furnishes a far juster indication of what the tenant is really able to pay. During the past years the Javan government has undertaken a complete cadastral survey of the land. As this work progresses, the basis of assessment becomes more and more definite, and a system may therefore gradually be introduced similar to

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that used in British India, with longer assessment periods and more stability in the amount of the land revenue.

Land Taxes in Algeria.—In Algeria there exists no general land tax leviable upon the holdings of of French colonists, although it is apparent that such a tax would be most just and is also very necessary for the satisfactory development of the administration. There exists, however, a tax on buildings, introduced in 1884, the proceeds of which were originally used for local purposes; but since 1892 they have also in part been employed in the work of the general administration. The tax at the present time brings in 2,000,000 francs. With respect to the Algerian natives, their original forms of taxation have been retained. The principal impost is the *achour*, a tax on the cultivated area computed per *charrue* (ten hectares on the average.) The amount of this tax is computed annually, and varies with the degree of agricultural prosperity. In the province of Constantine, however, the tax is fixed at twenty-five francs per *charrue*. In this province an additional tax, the *hockor*, is levied upon the communal estates called *arch*. The total revenue from the *achour* is over 6,000,000 francs, while the *hockor* brings in upwards of 1,000,000 francs. Considering the comparatively limited extent of the lands cultivated by natives in Algeria, these taxes are a heavy burden upon the native population, especially as they are not set off by any similar tax imposed upon European colonists.

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The protectorate of Tunis has a very unique system of taxation of agricultural produce and land. The *khanoun* is a fixed tax imposed upon olive and date trees. The *achour* here takes the form of a tax upon cereal crops; it was originally paid in kind but has now been converted into a money impost. It is interesting to note in this connection that the cultivators who use ploughs of French manufacture pay only one-tenth of this tax; by this means it is attempted to educate the natives to the use of better utensils, with an eye to a little incidental advantage to French manufacturers. The third important land tax, the *caroube*, is an impost of 6.25 per cent. upon the rental value of lands; this tax is used almost entirely for communal purposes. Several other less important forms of land taxation exist in Tunis, which render the system exceedingly complex; they all go back to the time before the French protectorate but their administration has been greatly modified under the influence of the French government. The entire system of Tunisian finance is, however, in need of simplification and of reform in the matter of the incidence of taxation.¹

In the Philippine Islands the land tax has come into use since the American occupation as a regular source of municipal revenue. The rate of the tax is 2 per cent. of the assessed value in the city of Manila, and one-half per cent. in the other

¹ Indo-China has no land tax. In Madagascar a tax is levied on rice lands.

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municipalities. The employment of a portion of the revenue from this tax for school purposes is compulsory upon the municipal councils; the remainder is applied to other purposes of local government. Under the Spanish régime the land tax was used merely as a supplementary and extraordinary source of revenue. In Porto Rico the Hollander law has established a general property tax consisting of a levy of one-half per cent. upon the actual value of real and personal property. Very elaborate regulations have been made with respect to the assessment and revision of this tax, the revenue derived from which is applied to local purposes. This system is founded upon the American general property tax, and is the only instance in colonial administration where personal and real property are grouped together and made a direct basis of taxation.

Capitation Taxes.—The capitation tax is an important source of revenue in many colonies, though it cannot be used to advantage in colonies having a large savage population because of the difficulties in the way of a census and collection.

The capitation tax is not used in British India, except in Burma; in this province the *thathemeda*, an old form of taxation, has been continued under the British régime. This tax is levied upon the villages according to the number of heads of families in each and is then divided among all the householders according to their ability to pay. The average payment amounts to ten rupees (\$3.20) per household. The proceeds of the tax

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are used entirely for purposes of local administration.

In Indo-China the head tax is employed to secure a revenue for purposes of local government. Each one of the colonies comprised under the government of Indo-China has its own system, but they all levy a capitation tax on adult males under the age of sixty years; the amount of the tax varies according to the age of the person paying it. The governments of Indo-China levy a special tax upon Asiatic foreigners resident in the colony, with the purpose of restricting Chinese immigration.¹ In Madagascar the general capitation tax levied upon male natives is fixed at 10, 15, or 20 francs according to the province, and at 30 francs for the city of Tananarivo. Unmarried men pay an additional tax of 7.50 or 15 francs according to their age. In the French West African colonies capitation taxes, ranging from 1.25 to 5 francs, are levied upon all adult natives, in some of the colonies without distinction of sex.²

In the Transvaal a very high capitation tax is levied upon natives, with the purpose of inducing them to seek remunerative employment. By a

¹ In Cochin-China the Asiatic foreigners are divided into six classes, paying annually from ten to four hundred piasters per person according to the amount of the business and land taxes paid by the respective class. In Anam and Tongking there are five classes paying from 1.50 to 88 piasters as capitation tax.

² The capitation tax produces the largest amount in Madagascar (11 million francs in 1903) and in the Territories of Senegambia and Niger (6.6 million francs).

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law of 1902, the tax was fixed at £2 for every adult native male, £2 for each additional wife beyond one, and 10 sh. for each dog owned by a native. The native poll tax in the Orange River Colony has recently been raised to £1.

The capitation taxes in the North African dependencies of France are so high in amount as to be plainly unjust, especially as the natives are already heavily burdened with other taxes. In Tunis the capitation tax (*medjba*) is collected from all male adult Mohammedans except the inhabitants of the five principal towns and the more prominent officials. All males over fifteen years of age are inscribed upon the tax roll and a tax of 20 francs per head is collected, which produced in 1903 4,375,000 francs. In Algeria, there is a graduated capitation tax imposed upon the Kabyles. The natives are divided into seven classes, the first class being exempt, the others assessed from 5 to 100 francs a head. The *zekkat*, also used in Algeria, is a capitation tax on animals (4 francs per head for camels, 3 francs for cattle, etc.). This tax brings in about 6,500,000 francs and is the most productive single source of Algerian native revenue.

In Java the poll tax was introduced in 1882 as a commutation for the labor dues or *corvées* owed by the natives to the local chiefs above the rank of village headmen. A tax of one florin per head was levied; and the surplus left over after the commuted labor dues have been paid, is to be used for a further extension of the system. For

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village and state purposes the corvée is still in use, and as its total abolition would impose too large a burden of pecuniary payments, there will for some time continue to be a double system of taxation—capitation taxes and labor dues controlled by the village headmen.

In the Philippine Islands the American government inherited a capitation tax that was levied by the Spanish administration as a payment for a *cedula personal*, or instrument of identification and certificate of civil status. The American government has retained the requirement by which every native must provide himself with a *cedula*, but it has reduced the fee to a uniform tax of ₱1.00. The proceeds of this tax are divided equally between the provincial and the municipal government under which they are collected.

Income and Business Taxes.—The income tax ("assessed tax") was introduced in British India in 1886 (Act II of 1886), in order to relieve the pressing need of the government for revenue. It is imposed upon all incomes of over 1,000 rupees,¹ except those derived from agricultural lands, which already contribute to the public revenue. The general rate is 2.6 per cent. on general incomes above 2,000 rupees, and 2.1 for smaller incomes. The imposition of this tax was certainly very just and necessary, as under the Indian system of taxation the professional and moneyed classes did not by any means bear their proportionate share of the public burdens, as

¹ Originally 500 rupees, changed in 1903.

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compared with the peasants. Since the exemption has been raised to 1,000 rupees, the tax imposes a hardship on no one, and forms a slight complement to the land revenue and the salt tax which weigh so heavily on the poorer classes.

In the Dutch East Indies a similar tax is levied. In the case of European residents this tax amounts to 2 per cent. of the income. The natives and orientals are subject to a special income tax which is, however, not levied upon incomes derived from agricultural lands. In the case of the natives the rate is 2 per cent. on all incomes over 25 florins not derived from agriculture; in the case of other orientals the rate is 4 per cent. of the income with a minimum tax of 2 florins. A graduated and progressive inheritance tax has been introduced in Porto Rico and in German East Africa.

In the French colonies the business tax is quite generally used, the system being based in outline, and often in detail, upon the metropolitan legislation of July 15, 1880. In Martinique there are, for purposes of taxation, two categories, the first comprising those professional, industrial, and commercial pursuits which are taxed under a general tariff, according to the census of the population in the locality where they are conducted; the second including those forms of business which are taxed without regard to population on the basis of an exceptional tariff. In Senegal, the French Sudan, and Indo-China, there is a fixed and a proportional standard for the business tax.

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The fixed standard is based upon the nature of the pursuit, the proportional standard upon the rental value of the building or buildings used by the proprietor of the respective business. The pursuits are divided into a number of classes, each of which is taxable for a fixed amount, to which is added the proportional tax. In the French Congo and some other African colonies only the fixed standard of taxation is used, the duty varying between 50 and 600 francs, according to the nature of the business.

In German colonies, too, the business tax has been introduced. In East Africa, ordinances of 1899 and 1900 divided commercial pursuits into fourteen classes, paying from 4 to 360 rupees respectively. Special license taxes are imposed upon inn-keepers, peddlers, and auctioneers. In Togo, firms engaged in business pay 800 marks for one trading station, 400 marks for each additional station on the coast, and 100 marks each for additional stations in the interior. The tax is reduced if the firm carries on either only export or only import trade. Peddlers are taxed 500 marks a year. In South West Africa an elaborate tax for the licensing of peddlers is established, based upon the nature of the conveyance used by the merchant. Even in the remote and undeveloped colony New Guinea there has been introduced a business tax of six categories ranging from 40 to 600 marks, together with the income tax of 2 per cent. upon incomes above 1,500 marks.

In the Philippine Islands the Spanish govern-

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ment in 1828 introduced an industrial and commercial tax which was levied exclusively upon Chinese tradesmen. In 1878, however, it was extended to natives and persons of other nationalities engaged in the industries taxed under the old law, and in addition an impost was levied upon banking and insurance corporations and wholesale houses. The system was radically revised and transformed completely into a business tax by the royal decree of June 19, 1890. This law enumerated 400 different classes of industries and of commercial and professional pursuits. The classification was based upon the nature of the business itself and upon the character of the building used in connection therewith. This form of taxation is far more easily administered than the income tax proper, because it does not necessitate a declaration of income nor any inquisitorial proceedings. Though returns of income were required in a few of the classes, for instance, in the case of banking and insurance companies, in general commercial and industrial pursuits the amount of the tax was determined entirely by external indications. The industrial tax was abolished in 1904, and certain parts of the internal revenue law¹ of that year have taken its place. This law provides that banks shall pay a certain monthly tax upon the average amount of deposits, the capital employed, and the note circulation. Insurance companies or agencies are to pay one per cent. of the total premiums col-

¹ See page 116.

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lected. Merchants and manufacturers are taxed one-third of one per cent. of the gross value of all merchandise sold by them; the products of chemical and physical processes of manufacture, such as electric light, are included under this provision. Common carriers pay a tax of one per cent. of their gross receipts. Occupation license taxes varying from 10 to 200 pesos a year are paid by the following: Brokers, proprietors of places of amusement, lawyers, doctors, engineers, architects, chiropodists, photographers, veterinarians, etc. The Hollander Act of Porto Rico established a special business tax upon insurance, surety, building and loan companies; they pay 3 per cent. upon the gross amount of all dues collected by them in Porto Rico.

Colonial Loans.—There is no disagreement among colonial administrators and financiers upon the principle that the colonies should be made, as far as possible, financially self-supporting and that they should themselves find the ways and means for their ordinary expenses by utilizing the resources of various kinds within the colony. But it is also true that the development of a new country requires expenditures too heavy for the ordinary budget and that it is therefore, to a certain extent, necessary to discount the future and to resort to loans for the construction of important public works. The problem that concerns the colonial administrator is whether the funds are to be raised on the credit of the colony itself, without any direct concurrent responsibil-

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ity on the part of the mother country, or whether the mother country is to assist the colony by a direct loan from its own treasury or by guaranteeing a loan negotiated by the colonial government. Often the guarantee of a loan amounts to a subvention paid by the mother country in behalf of colonial development, and this is sometimes contemplated when the guarantee is made.¹ But we shall here consider only loans and guarantees made upon the basis of colonial fiscal independence.

The question then will be how far should the mother country aid the colonies by direct loans or through allowing them to share its credit. There is of course much to be said in favor of complete autonomy in the matter of loans. Not feeling the powerful financial backing of the mother country behind itself, the colonial government will be more careful in the expenditure of the funds obtained from a loan. It will be exceedingly disinclined to pledge too large a share of the ordinary revenue of the colony. It would therefore seem that where a colony has passed beyond the first stages of development, and where its government has acquired a certain standing in the eyes of the financial world through having demonstrated the actual resources of the colony and through careful methods of administration, the colony may well be left to negotiate its own loans, even though it may have to pay a slightly higher rate of interest than would be paid

¹ e. g., the Algerian railway guarantees.

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by the mother country. In this manner it is provided with an accurate gauge of its credit, and the unavoidable pressure to expend resources on questionable undertakings will meet the careful scrutiny of the officials and persons most directly interested in keeping down the expenses of the colony. Even in such a case the mother country through its home office and through the governor who represents it in the colonial administration, will have to exercise a close supervision over the indebtedness incurred by the colony, because it is after all impossible for the home government entirely and absolutely to shift the ultimate responsibility for colonial indebtedness upon the colony itself. We have not as yet experienced a case of successful repudiation of debts by a colony—a fact which is due to the restraining influence that the mother country has exercised upon colonial administration on account of the feeling of ultimate responsibility in the matter.

In behalf of the policy of having colonial loans guaranteed by the home government, it may be urged that in this way the colony is enabled to secure a much lower rate of interest by participating in the credit of the mother country, that the officials of the latter have the best opportunities for estimating the prospective economic returns from such loans, and that they can therefore, by setting their stamp of approval upon the proper undertakings, assure the financial world that a sufficient foundation for credit exists. But as was most strikingly exemplified by the sudden

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decline of British consols during the Boer War, the credit of even the strongest nation is limited. If any nation, therefore, should enter upon an indiscriminate policy of guaranteeing colonial loans, the relative insecurity of the latter would react unfavorably upon the rate of interest paid by the mother country itself and would thus diminish, to a certain extent, the benefit accruing from a loan of metropolitan credit. Exercised sparingly, and with a careful consideration of the economic needs of a dependency the guarantee of loans is a suitable policy in the case of a colony that has not yet achieved an established place in the financial world, but the resources of which are of sufficient value to warrant the expenditure of large sums of money upon public works.

It is generally agreed that borrowing by colonies for the purpose of meeting current expenses would be a most ruinous practice, and also that it would be thoroughly unjustifiable for the mother country to impose upon a young and undeveloped dependency the debts incurred in the work of military conquest and pacification. In general, colonial loans should constitute productive investments, and they can prove their justification only if the works undertaken pay at least a fair rate of interest, with a good prospect of larger returns as the country develops.

Egyptian Finance.—There are two dependencies of European powers, the public debts of which were incurred largely through non-productive expenditure. These two dependencies,

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British India and Egypt, together have an indebtedness which constitutes about three-fourths of the total colonial indebtedness of the world. The political history of modern Egypt is practically the history of its loans and debt charges. Before the final collapse of Egyptian finance under Ismail in 1876, debts were incurred by the government with an almost incredible disregard of its financial ability. Though the government had already exhausted its legitimate credit, the floating indebtedness kept on increasing until in 1873 it reached the enormous amount of £28,000,000, on which the interest rate averaged 14 per cent. The government went on borrowing money at similar rates of interest, partly for the payment of older debts and partly for entirely useless expenditures for display and luxury,¹ until in 1876 it became evident that default could no longer be avoided. The French and British commissioners appointed to straighten out Egyptian finances in that year arranged for the funding of the entire indebtedness at £89,208,046, with a total annual charge of £6,565,023. But the commissioners had greatly overestimated the ability of the Egyptian people to pay higher taxes, and the annual charge, amounting to over two-thirds of the actual revenue, was a burden totally beyond the capacity of the exhausted landholders. It therefore soon became apparent that new arrangements would have to be made with the

¹ The festivities at the opening of the Suez Canal cost over one million pounds.

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creditors; and after Great Britain and France had together undertaken the control of Egyptian affairs, the debt was refunded and its administration regulated by the Law of Liquidation of July 17, 1880. The principal changes introduced by this law were: first, the reduction of the interest upon the "unified debt" from seven to four per cent., making the interest rate lower than that of the "privileged debt;"¹ secondly, the creation of an administrative organ, the *Caisse de la Dette*, composed of the representatives of the powers chiefly interested, who were to supervise the administration of the Egyptian revenues and, especially, to procure the gradual extinction of the debt as provided for by the law. While the nominal amount of the debt was increased by over £9,000,000, the total annual charge was, through a large reduction in the interest rate, cut down to £E4,300,000.² This interest charge was made the first lien upon the Egyptian revenues. The current expenditure of the Egyptian government was limited to £E4,898,000. Any surplus that might be realized was to be applied as follows: one-half to the extinction of the debt and the other half to the purposes of the administration. No new debt was to be incurred without the consent of the commissioners of the *Caisse de la Dette*.

¹ The two principal divisions of the debt under the arrangement of 1876 were the "unified" and the "privileged" debt.

² In Egyptian accounts the foreign debt is computed in British pounds, the charges of the budget in Egyptian pounds (£ E equals \$4.94).

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In the year 1885 the powers, through the *Caisse de la Dette*, authorized the Egyptian government to make a further loan of £9,424,000, to be negotiated at 3 per cent., for the purpose of paying the floating indebtedness and the expenses of the Alexandrian war indemnities. Being guaranteed by the Powers, the loan was secured at exceedingly favorable rates, and £9,000,000 in funds were obtained for the nominal amount of the debt. Of this sum £8,000,000 were used for the original purposes of the loan; the remaining million was, after much hesitation, turned over to the Egyptian government for the purpose of improving the irrigation in the delta of the Nile through the repair of the barrage below Cairo. The results of this investment were so favorable that further loans for the purpose of irrigation were authorized; these were added to the privileged debt, increasing it by 1890 to £29,400,000, or £6,650,000 over the amount of 1880. At this time the interest on the privileged debt was reduced to 3½ per cent. On account of the obstructive policy pursued by France in the *Caisse de la Dette*, the Egyptian government found great difficulty in getting the necessary funds for such important reforms as the abolition of the *corvée*. Although the credit of Egypt had become gilt-edged the surplus revenue was applied by the *Caisse de la Dette* to the purchase of Egyptian bonds for the purpose of the more rapid reduction of the debt, instead of being used in the economic development of the country. Egypt was thus forced to

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buy back her bonds at the prevailing high market prices, often five or six per cent. above par. In 1904, the total foreign indebtedness of Egypt was £102,186,920, with an interest rate of from 3 to 4¼ per cent., all the loans at higher rates having gradually been converted. From the nominal amount of Egypt's debt as above given there must be deducted the sum of £8,137,032, the amount of various reserve funds held in Egyptian securities by the *Caisse de la Dette* itself. This reduces the total outstanding debt of Egypt to about £94,000,000. The total debt charge in 1904 was £E3,858,000, or nearly £E500,000 less than at the time when the Law of Liquidation went into force.

Debt of India.—British India has the largest debt of all colonial dependencies. Just preceding the Mutiny the total Indian indebtedness was £49,000,000; but in 1862, as a result of heavy military expenditure, it had increased to £95,600,000, or to nearly double the former amount, with an interest charge of £4,300,000 per annum. This large amount of money had been used primarily to cover the expenses of the original conquest and pacification and of the suppression of the great mutiny. Ever since that time, the non-productive part of the debt has gradually been decreased, but very large amounts have been borrowed by the government to provide the means for an extensive system of public works. According to the latest figures (1904) the total Indian loans raised in Great Britain amount to £133,-

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046,000, with a rate of interest varying from $2\frac{1}{2}$ to 4 per cent.; the loans run for various periods ending between the years 1926 and 1948. The Indian debt held in India is £79,949,000, with an interest varying from 3 to $4\frac{1}{2}$ per cent. The highest rate is paid upon the railway loans from the Maharajah Holkar, negotiated in 1870 to 1877 and running for 101 years. Loans from the Maharajah Scindia and from the Nawab of Rampur carry 4 per cent. Later native loans were made at lower rates, those of 1897 carrying only 3 per cent.

The following table shows the various component parts of the Indian public debt in 1900:

General debt	£ 67,300,000
Railway debt	104,500,000
Irrigation debt	22,800,000
Unfunded debt	4,500,000
Various other obligations.....	13,100,000

Total	£212,200,000
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The general debt constitutes the remainder of the original non-productive indebtedness of British India which as we have seen amounted to £95,600,000 in 1862. It has therefore since then been reduced by £18,000,000. About £130,000,000 of the total indebtedness of India has been incurred for productive purposes, and the undertakings in which these funds have been invested have brought a net return more than equal to the interest charge upon this part of the debt. In the chapter on public works we shall examine more closely the productive employment of these funds.

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The debts of the other British tropical dependencies are comparatively unimportant; the only such colonies whose debt exceeds a million pounds sterling are Ceylon, Jamaica, Trinidad, Mauritius, Gold Coast and Lagos. This indebtedness represents almost entirely a productive expenditure, which is bringing an ample direct or indirect return to the colonial treasuries. The Jamaican public debt has risen from £1,500,000 in 1892 to nearly 3½ millions in 1904. The largest increase occurred in the years 1900 and 1901, when heavy payments were made for the redemption of railway bonds and for the purchase, reconstruction, and extension of the Jamaican railway. The interest rate on this debt varies from 2¾ per cent. upon the imperial loan to 6 per cent. upon a loan from the Widows' and Orphans' Fund. The rapid increase of the debt during the above years indicates the confidence of the colonial government and of the Colonial Office that the finances of Jamaica can be permanently benefited by the liberal expenditure of borrowed money upon productive undertakings.

Great Britain, true to her principle of colonial self-support, has adopted the policy of issuing loans to colonies in an entirely business-like manner and in reliance upon the actual financial resources available in the colony. Imperial aid to the colonies was given a systematic form by the Colonial Loans Act of 1899 (62-63 Victoria, Chapter 36). This act authorized imperial advances to colonies for periods of not more than fifty years

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and at a rate of interest of not less than $2\frac{3}{4}$ per cent. The act requires that the colony must provide to the satisfaction of the Treasury and of the Secretary of State for duly applying the loan; for charging on the general revenues and assets of the colony, with priority over any subsequent charges, the principal sum as well as the interest payments on the loan; and for sufficient revenue to meet the above charges. The sum of £3,800,000 was originally loaned to colonies under the act, the principal beneficiaries being the Gold Coast, Lagos, the Malay States, the Niger Coast Protectorate, Jamaica, and Cyprus. The money was used almost entirely for the construction of public works, such as railways, harbors, waterworks, and roads.

In the past the French government has been exceedingly liberal in the bestowal of guarantees which have in many cases amounted to a direct subsidy. The French government has, however, recently begun to treat the colonial guarantees more as a matter of strict finance, and has even encouraged some of the colonies to stand entirely upon their own credit. All loans taken up by French colonies must first be sanctioned by the home government either through express approval by law of parliament, in the case of Indo-China, Madagascar, and Algeria, or through a decree of the council of state, in the case of the other colonies. Loans of colonial communes must, according to the law of November 20, 1882, be authorized by the *arrêté* of the governor in

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privy council; and the law of April 13, 1898, provides that all communal loans of over 500,000 francs must be authorized by a decree of the central administration.

The first indication of the new policy of encouraging colonial autonomy in the matter of loans appeared in 1896, when the Tongking-Annam loan of 80,000,000 francs was authorized. This loan was guaranteed primarily by the revenues of the colony, and only in a subsidiary way by the French state. But in 1898, when the Indo-Chinese government¹ asked for a loan of 200,000,000 francs to be used in constructing an extensive system of railways, the French government authorized the loan but placed it entirely upon the credit of the colony and refused to add its own guarantee. It was thought more advisable to give Indo-China distinctly a separate credit than to continue obscuring her true financial standing by interposing the guarantee of the mother country. The practice now favored by French publicists and administrators contemplates the giving of a guarantee in cases where the expense in question is incurred for imperial purposes. Where, however, the expenditure is primarily for the benefit of the colony itself, the state will in general prefer to have the colony stand upon its own credit, although it will not refuse its aid to colonies which are not sufficiently developed for this purpose. It is a common prac-

¹ The general budget and fiscal entity of Indo-China was created in 1898.

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tice to set aside a particular portion of the colonial revenues as special security for a loan. But in case the income from the customs revenue is selected for this purpose, it will be seen that as the colony does not itself have the ultimate control over this source of revenue, the setting aside of such security does not really benefit the creditor, who must after all rely upon the totality of resources in the colony.

Until the most recent years the public debts of the French colonies have been exceedingly small. Algeria, up to 1900, had no financial personality and, therefore, no public debt of her own, her deficits being met by the mother country. The other colonies, while they were endowed with an independent budget, nevertheless lived upon the resources of the mother country to such an extent that separate colonial debts were incurred but infrequently. It is only since 1892 that public debts have become more common among the French colonies. The most important among them are the loans of Indo-China, which have already been mentioned, and the debt of 60,000,000 francs authorized for Madagascar in 1900 and indirectly guaranteed by the mother country through a promise of subvention in case of the insufficiency of colonial revenues. Since 1892 the sugar colonies—the Antilles and Reunion—have borrowed moderate amounts. In 1902 the general government of French West Africa was authorized to negotiate a loan of 65,000,000 francs for fifty years, for the purpose of constructing

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sanitary and port works and railways, as well as repaying the railway loans of Senegal and French Guinea. The debt charges are to be inscribed among the obligatory expenses in the respective colonial budgets. The rate of interest paid is usually very low. The loans of Indo-China and Madagascar were placed at $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent. The Indo-Chinese loan of 200,000,000 francs, although not guaranteed by the French government, was taken up with the greatest promptness by the French public. Algeria, at length endowed with financial independence, was authorized in 1902 to contract a loan of 50,000,000 francs, the proceeds of which are to be employed for the construction of roads and harbor works, for railways, irrigation, and forestry improvements. The Tunisian debt, which, like that of Egypt, furnished the occasion for foreign intervention, has been gradually converted into a loan bearing three per cent. interest, which is guaranteed by the French government. The Tunisian government has, moreover, contracted with various companies for the construction of harbor works, railways, and other public undertakings, under the condition that their bonds are to be guaranteed by the state.

As we glance back at the multitude of facts which we have passed in review in this chapter it will be apparent that it is impossible for any state to construct a hard and fast financial system for its entire colonial empire. In the matter

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of subventions and loans, the degree of development reached by the colonial establishment is the sole consideration in deciding as to whether complete financial autonomy shall be granted the dependency, implying full responsibility for obligations incurred, or whether the colony is to be supported by the grant of funds and the loan of credit. While recently the British government has found it necessary to assist some colonies which for decades had been self-supporting, the French government has been taking decisive steps toward impressing its colonial protégés with a sense of their financial responsibility. In the case of tropical colonies that absolute financial independence which has led the Australian colonies into such heavy debts can of course not be permitted; and it would seem that on the whole the indebtedness which has been incurred for the tropical colonies has been more productive than the loans which the self-governing colonies of Australia and New Zealand have so lavishly made use of.

Few general rules can be laid down in the matter of colonial taxation; the local circumstances and conditions in their almost endless variety necessitate changes from any uniform system that may be established in a colonial empire. Even France, when still in the full enthusiasm of her assimilation policy, could not enforce a uniform fiscal policy in all her colonies. It is important to distinguish modes of taxation sharply as to their probable effect on the economic and

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moral development of a colonial population, and to reject those which either tend to retard the growth of economic life by rendering the colony too subservient to the ends of the home country, or which place an undue burden upon the native population.

The British and Dutch taxation systems in the Orient with their large land and salt revenue, and their opium monopoly, while they do not comply with the generally accepted canons of taxation, are nevertheless conditioned by historic custom and by local circumstances, so as to render a radical transformation in the direction of more liberal methods of taxation very difficult. But in the African and Oceanic colonies, where conditions are less settled, there is no excuse for introducing exploitative modes of taxation, such as high hut taxes or excessive capitation rates. The heavy taxation of the natives in Algeria is an instance of special injustice, which is not atoned for even by the great sacrifices which the French nation has made for Algeria; and it is to be highly commended that the Algerian Financial Delegations at present show a tendency to distribute the burden of taxation more equitably between the European colonists and the natives. For undeveloped colonies import duties will long remain the principal reliance of the colonial treasury, and the attempt to enhance these taxes so as to form a protective tariff wall ought to be resisted not only for fiscal reasons but out of re-

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gard for the needs of development in the colony itself.

A very important matter in colonial finance is the question of fiscal decentralization. If the political education of the native population is really a matter of concern to the colonizing powers it seems a sound policy that certain taxes should be set aside exclusively for local administration, and evidently the direct taxes are better adapted for this purpose than is the excise or the customs revenue. For, practically the only manner in which the natives can be interested in local government is by having them know that the assessment and the disposal of the revenue from direct taxes is determined by the local authorities, in whose choice they have some influence and whose counsels they control. The financial system of the colony touches upon all the pursuits of industrial life and may be used to further or retard at pleasure certain economic developments. Taxation may modify the current of commerce, and a loan of credit, in rendering possible the execution of public works, opens the way for industrial advance. A too liberal appropriation of colonial funds to pay for materials and services in the mother country, in behalf of the colonial government, may lead to a derangement of normal economic relations and may retard development in the dependency. Considerations such as these affect deeply the economic life of colonial possessions, and in studying the various aspects of eco-

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conomic development we shall have occasion again and again to refer to fiscal methods.

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CHAPTER IV

CURRENCY, BANKING AND CREDIT

Currency Areas.—The world is divided into a number of clearly marked currency areas. Outside of the gold using countries, the most interesting and important of these is the area of the Far East, in which the Mexican dollar or a silver coin of like size is the ordinary medium of exchange. This area comprises China, Hongkong, French Indo-China, Singapore, Borneo, and the Philippine Islands. The currency here rests entirely upon the basis of exchange value, except in the Philippines, where the gold exchange standard has been established. The use of the dollar goes back to the time when Mexico as well as the Philippines were Spanish dependencies. The rich silver mines of Mexico furnished the circulating medium for a large part of the Spanish dominions, including those in the Orient, and as Spain was at that time the most prominent colonial power east of India, the use of the dollar spread from the Philippine Islands to other adjacent parts of the Oriental world. Even at the present time there are more Mexican dollars in circulation in the Orient than in Mexico itself. The coin supply is usually shipped from Mexico

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to Europe by merchants who in this manner pay for imported goods. From Europe the silver dollars are exported as articles of commerce to the Orient, where large quantities of them are absorbed. Trade dollars, similar to the Mexican coin, have been struck in French Indo-China and in Singapore, but the Mexican dollar still forms the general standard of currency. Great importance is given to this form of currency by the fact that the Chinese coolies are accustomed to it and prefer it to any other kind of money. Taken back to China it loses nothing by exchange; in fact it passes readily in most parts of the Far East.

India and the territories subsidiary to the empire form another currency area, in which the Indian rupee is the standard. The rupee was originally valued at 2 shillings, but its intrinsic value now is only about one-half of that amount. We shall see later that in India itself the coin has been given a gold exchange value by law. This is also true of Ceylon; Mauritius and the east coast of Africa, which by nature belong to this area, also use the silver rupee at the Indian rate of exchange.

The third currency area is that of Central and West Africa. Here the currency is in a chaotic condition. Throughout the interior regions slaves are the most convenient form of money, not only because of the fact that they are everywhere in demand but also for the reason that they yield a good interest when employed as carriers.

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For small change, cowry shells are used in these parts of Africa. Bundles of brass or copper rods have their fixed value as currency in some regions while in others horse-shoe like pieces of metal known as *manilas* are used as a medium of exchange. In Bornu and in the Hausa states as well as in others of the more advanced countries of Central and West Africa, the old Austrian coin called the Maria Theresa dollar has been in use for a long time. Coins of this denomination with the date of 1780 are still struck in Austria for the purpose of supplying this market. In the coast towns of West Africa, European coins, especially those of the Latin Union, of Germany, and of Great Britain, circulate freely. Altogether, there is no greater need in the central parts of Africa than that of a settled system of currency.

The West Indies form a fourth currency area. The actual currency in use in the British West Indies is British silver, although both British and United States gold are legal tender. As a matter of fact, silver, being legal tender to any amount, is practically the sole currency. These colonies therefore have a silver currency kept at par with gold through their connection with the mother country, whose gold value coins circulate in the islands.

In 1825 the British government attempted to introduce a uniform system of currency by making British coins legal tender throughout the colonies. This attempt was, however, soon abandoned as it was found that many obstacles to

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such a plan of uniformity were encountered. The British coinage with its high valuations is not so well adapted for use in new and undeveloped regions. The German government is, however, trying to do the same thing to-day, and by law German coinage has been introduced into most of the German colonies. In 1886 the currency system of Kamerun was assimilated to that of Germany and the equivalents of the older currency of palm kernels, palm oil, and *krus*, are now expressed in terms of marks. In German East Africa, which belongs to the rupee area, the use of the Austrian dollar is strictly forbidden and the exchange rate between German and Indian rupees is held at par by the government. As the German monetary system has a very small coin in the pfennig, it is perhaps better adapted to new regions than the system of England, unless the vitality of the farthing is to be restored.

Before we turn to a more special study of the currency systems in the various areas it may be well to state some of the general principles which distinguish the colonial currency problem from that in more advanced countries. That a stable and uniform currency is necessary for economic development goes without saying. Commercial transactions are subject to great risks under a fluctuating exchange and capital is very reluctant to enter a region which has no settled monetary conditions. By saying that a region should have a settled currency we do not, however, imply that its currency should be entirely assim-

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lated to that of the gold-using countries. The following alternatives present themselves in this matter: the gold standard may be introduced, or the country may be left entirely on the silver basis, or finally, a settled exchange value may be established between gold and silver. The first alternative does not appear feasible at the present stage of development. The quantity of gold in the world is not sufficient for the demand that would arise were it to be made the actual medium of exchange throughout the inhabited globe. Moreover, the custom in many large areas is firmly set against the use of gold. In the Orient wages are so low that as a payment for labor, gold would be too insignificant in bulk to be acceptable. The workmen of these regions are accustomed to silver and prefer to receive their wages in silver coins on account of their greater size. They would be dissatisfied if instead of ten big Mexican dollars they were given one small sovereign. The question therefore reduces itself to the two alternatives as to whether silver is to be used as a medium of exchange entirely at its natural value without any attempt to regulate its ratio to gold, or whether a permanent rate of exchange is to be fixed by governmental action so as to avoid constant fluctuations between the two metals. We shall be in a better position to judge as to the advisability of taking either alternative after we have reviewed the recent experience of the currency areas of India and of the Far East.

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Indian Currency.—In India the coinage of silver was free until 1893. The rupee, the principal Indian coin, contains nearly as much silver as the American half dollar. After the silver crisis of 1873 the rupee gradually declined in value. In 1893, when it had fallen to 14.9 pence, the Indian government saw itself confronted with a very serious condition. India, being heavily indebted to Great Britain and paying in that country formidable sums for supplies, pensions, and salaries, found it more difficult year by year to meet these gold payments while the taxes were received in silver, the value of which was constantly falling. To increase the taxes was impossible, because all available sources of revenue were already utilized to the fullest extent. The only remaining resource of the government seemed to lie in preventing a further decline of the silver rupee and in thus maintaining the gold value of the revenue. The first step toward this end was to stop the free coinage of silver, with the result of limiting the supply and giving the existing coinage a prospectively higher value. At the time when the coinage of silver was suspended the government announced that it would accept gold coin or bullion for rupees at the rate of sixteen pence per rupee or fifteen rupees to the sovereign. The government also attempted to establish an exchange rate with Europe at this same ratio, but while it was possible to maintain the rate temporarily at this point it soon began to fall very rapidly and in 1895 stood as low as 12.4 pence.

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After this, however, the limitation upon the output of silver coin began to tell and the exchange gradually rose until in 1897 the rate of 16 pence which was contemplated by the measures of the government was finally reached and could be maintained. On September 15, 1899, the government took the second important step toward establishing the gold exchange standard. On this date sovereigns were made legal tender in India, within a twelvemonth the government was even ready to use its gold reserve fund for the purpose of redeeming rupees at the rate of fifteen to one sovereign. As by this time a great scarcity of rupees existed in India there was no call for gold; on the contrary there occurred a remarkable rush for silver coin so that the currency gold reserve rose from £2,030,000 in 1899 to £8,569,800 on March 7, 1900. In the fiscal year 1903 to 1904, over 165,000,000 silver rupees were coined, the largest amount on record for any single year. Considered purely as a fiscal or monetary reform the gold exchange standard was therefore eminently successful. The Indian government had secured its purpose of making the supply of rupees scarce enough to raise the rupee permanently to the contemplated value. And far from being called upon to expend large amounts of gold in the effort of establishing a fixed standard, the government was virtually flooded with the yellow metal by bankers desirous of obtaining the customary circulating medium.

But notwithstanding the great success of this

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measure, it cannot be concealed that it constituted a heavy indirect tax upon the general population of India. Finding it impossible to levy additional taxes, the Indian government has accomplished the same purpose by enhancing the value of the circulating medium, which consequently is now more difficult to obtain for the taxpayer. While it may be going too far to ascribe the sharp suffering that has fallen upon the agricultural classes of India during the last decade entirely to this rise in the value of money, it will be readily seen that a change of such far reaching importance so suddenly carried out must have in some measure contributed to the economic distress of the masses. Yet, it is not easy to suggest in what different manner the Indian government, with its large debt to a gold using country, could have escaped the force of a situation which rendered an enhancement of the value of the circulating medium the simplest and easiest solution of the difficulties.

Ceylon, in many respects a satellite of India, has followed her great neighbor also in the matter of a currency. In 1902 the sovereign was made legal tender and the rupee was placed at the same fixed ratio with gold that obtains in the Indian Empire. The Indian rupee coinage is also used in Mauritius as well as in British East Africa. Mauritius was apparently well satisfied with a silver currency, as it enabled the planters to profit by a falling standard of wages.

The colonies of the Netherlands in the Orient

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have never experienced the results of a rapidly falling standard of value.¹ Their currency has always been kept in close communication with that of the mother country, although there is practically no gold in circulation in Java and Sumatra. The silver and paper currency of Java has been kept at a stable ratio to gold by the maintenance of a large gold reserve. This reserve cannot, however, be drawn upon for inland uses; it is used only when gold shipments to Europe become necessary in order to maintain the ratio of exchange. There is in fact no demand for gold in the interior regions; the current circulating medium fulfils all necessary purposes, and when gold is needed for export either bills of exchange or the metal itself are furnished by the banking institution.

The Area of the Mexican Dollar.—Turning now to the currency area in which the silver dollar is the ordinary medium of exchange, we find that, at first sight, the countries in this region are not entirely dissatisfied with their monetary conditions. As long as silver continues to fall gradually many classes are directly benefited by this situation. The exporters who purchase the produce of the country for silver sell it again mostly to gold-paying countries, and therefore do not lose through any difference in exchange. The same is true of the producing classes. They pay for labor and supplies in the local currency at prices

¹ With the exception of the east coast of Sumatra, where the silver dollar is current.

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which do not rise at all, or at least not so rapidly as the medium declines. The laboring classes also do not feel the change in the value of their money, as most of the articles which they use for food and clothing have a steady silver exchange value. The banking institutions are not opposed to this unstable condition because under it they conduct a very profitable exchange business. The only class who are subject to constant loss are the importing merchants, who have to pay in gold and must take the risk of being able to make up losses in exchange by increasing their prices. There is of course a general commercial disadvantage in a fluctuating currency, for although the element of risk may often turn out favorably to the producing classes, it nevertheless renders commerce and production less secure and therefore in the long run less inviting to capital. This applies more particularly to imported capital than to that of the country or colony itself. A falling standard can, however, be favorable only as long as a colony is not heavily indebted to the gold using countries. As soon as debt of this kind begins to play a prominent part in colonial affairs, the loss of value in the ordinary circulating medium renders the payment of the debt charges more and more difficult. For this reason and on account of the general commercial considerations above set forth, there is at the present time a strong movement throughout this entire region in favor of the adoption of a gold exchange standard.

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The semi-independent country of Siam has already led the way towards the adoption of the gold basis; on November 27, 1902, the royal mint was closed to the free coinage of silver, and at the same time the government attempted to influence the ratio of exchange by announcing that the Siamese minister in London would issue drafts on Bangkok at the ratio of 17 ticals to £1. The actual exchange rate just before this time had been 21 ticals to £1. This sudden action of the government was felt as a severe blow by the business interests, and the banks refused to follow the lead. They, however, sold drafts on London at the rate of 20 ticals per £1. It would therefore seem that the experience of India is to be repeated in Siam and that the rate of exchange will only gradually rise to the standard set by the government, until finally the complete exchangeability of silver for gold at the desired ratio may be established.

This action of Siam has aroused great interest in the Straits Settlements and in Indo-China. In the former colony the Mexican dollar had at the beginning of 1903 fallen to 1s. 7d., the lowest point it had ever reached. Although the exporters and the owners of tin mines were opposed to a change in the standard, the general commercial interests of the Straits Settlements and the Federated States declared themselves strongly in favor of establishing a sterling exchange basis at the rate of 2 shillings to the dollar. Accordingly, on the basis of a report by a special com-

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mission, an ordinance was passed in September, 1903, which looks toward the gradual establishment of a gold exchange standard. Under the provisions of this law, "Straits dollars" are being coined and put in circulation. Their export as well as the importation into the colony of Mexican and British dollars is forbidden; and as soon as the new currency has become firmly established and is generally used by the people, it is to be gradually raised to a fixed gold value by the limitation of further output. Indo-China too is beginning to show signs of agitation for a stable exchange rate. The French government attempted at one time to introduce its monetary system into Cochin-China, but this attempt was speedily abandoned. Under the present system the governmental rate of exchange is fixed on the twenty-fifth of each month by *arrêté* of the governor on the basis of the mean of the actual rate of exchange during the preceding month. This governmental rate, however, is applied only to public transactions and has no effect at all upon the commercial rate of exchange. Recently Indo-China has incurred a heavy indebtedness (280,000,000 francs), authorized for the purpose of constructing railways and other internal improvements. It can therefore already be foreseen that the government of this dependency will before long find itself in a position similar to that of India in 1893. With a constantly falling ratio of exchange, it will soon become too difficult to make the revenue of the country large enough

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to meet the debt charge in addition to the other expenses of the government. At that point, if not before, the government of French Indo-China will see that it is obliged to follow in the footsteps of British India, Ceylon, and Siam, and by governmental action to fix the ratio between the ordinary currency and the gold coinage of Europe.¹ While the empire of China is not within the scope of the present study, it will be seen that the large war indemnities incurred in 1900 will also afford a powerful incentive to try to prevent the continued fall in the value of the medium in which taxes are paid to the government.

The Philippine Islands have currency problems which are analogous to those we have just reviewed. While at the time of the American conquest many among the merchants and industrials of the islands favored the silver basis, it was felt that the development of the colony would proceed far more rapidly were some fixed ratio established. Though the Philippines are not as yet burdened with a heavy indebtedness, still the government has to meet the problem of paying salaries and supply accounts, computed on the gold basis, with a revenue paid in silver; and the larger the interest acquired by the United States and European countries in the Philippines, the more disturbing to business and industrial relations would the fluctuating disparity between gold and silver become. The situation in the

¹ In 1903 the importation of foreign silver coins into Indo-China was forbidden.

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Philippine Islands was rendered especially unsatisfactory because the currency was supplied by a foreign state and was therefore entirely uncontrolled by the Philippine government itself. It was therefore subject to various contingencies resulting often in great fluctuations and in a serious stringency of the money supply. Thus in the year 1900, when large amounts of silver money were used in the expedition of the allies in China, for the purpose of paying for provisions, Mexican dollars were drawn out of the Philippine Islands so rapidly that a veritable money famine was impending.

For these various reasons the Philippine Commission determined to recommend the creation of a specific Philippine coinage. They proposed "that the silver coin should be maintained at a fixed ratio with gold by the limitation of the amount coined and by a gold reserve to be constituted from the seignorage derived from the coinage of silver bullion and to be employed in the discretion of the Philippine government for the direct exchange of silver for gold and in such other ways as may be necessary to maintain the parity fixed by law." The proposed coin was to be somewhat less in weight than the Mexican dollar, in order to guard against a possible rise in the value of the silver peso beyond its legal exchange value, as under such a contingency the money would of course be exported. After much discussion Congress adopted the proposal of the Commission. By the law of March 2, 1903, the

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Philippine government was authorized to coin 75,000,000 silver pesos, of the weight of 416 grains, nine-tenths fine. This peso is to be maintained at a fixed value of fifty cents gold, and the Philippine government is authorized to borrow money for this purpose. The confusion of currency in the islands was for a time enhanced by the presence of the new coin, unfamiliar to the natives, which not even the designation of "Filipino" seemed to render popular. But the government succeeded, by the end of 1904, in eliminating from circulation over thirty millions of debased currency, and over sixteen millions of the new coin were in actual business circulation at that time.

Looking now at the general monetary situation in these various colonies, it would seem that the adoption of a fixed exchange value between gold and silver will be rendered unavoidable by the very conditions of colonial economic life. Undeveloped countries, in which the means of communication and the industrial methods of Western nations are being installed, will necessarily incur a heavy debt, which will be held largely in gold-using countries. Sooner or later it will become impossible to pay the debt charges out of the resources of a country with a constantly depreciating currency. If the change to a stable standard is delayed until that point is reached, it will be as difficult and will entail as much incidental suffering as followed upon the monetary reform introduced by the Indian government.

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It would seem therefore that the speedy establishment of a ratio as near as possible to the natural values would be advisable in all these dependencies. In fixing the ratio there are two horns of a dilemma which have to be avoided. If the ratio is made very liberal to silver, so that the silver when coined is given a far greater value than it has as bullion, counterfeiting will be invited; and in Oriental countries this practice could be carried on with far greater success and ease than in the United States or Europe. If, on the other hand, the coinage value should be too near the rate of commercial exchange between gold and silver, the further rise in the value of silver, which is not altogether improbable, would lead to the exportation of the medium of exchange from the territory in which an unfavorable ratio obtains. It is, however, generally believed that a ratio between gold and silver in the neighborhood of 1 to 32 is sufficiently above the commercial ratio at the present time to afford an adequate protection against the latter contingency, while it is not high enough to invite counterfeiting.

Under any gold exchange system the coinage of silver must of course be limited, because in this way only can the government control the value of the silver currency to a certain extent. In this manner the gold exchange value can probably be maintained at a very moderate cost. As has been suggested, all that would be necessary to secure this end would be for the colonial government to sell gold exchange at a fixed rate in

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the dependency and to furnish silver exchange upon the latter at the same rate in the mother country. As a demand for gold coin in the interior of these dependencies practically does not exist, silver being the customary medium of exchange, and, supplemented with paper currency for larger amounts, being perfectly sufficient for the purposes of internal trade, gold would be used only for export and its place would even there ordinarily be taken by bills of exchange. Should the colony purchase heavily from the exterior there would of course be a run for gold or gold exchange. Much silver would be turned in, but, as the coinage of silver is limited, the very constant demand for silver currency in the interior would tend to prevent the fall of silver from the fixed ratio value. As soon as the demand for gold is satisfied gold will again be returned to the treasury, in large amounts, as was the case in India, in order to obtain the silver needed for ordinary business transactions. The example of the Javanese government has shown that the gold exchange standard may be maintained without the use of gold in the interior. Notwithstanding these considerations, it is conceivable that a very heavy strain may be put upon the treasury in times of depression. And when we consider that under the system of a gold exchange value established throughout the world the entire currency of the world would rest upon the comparatively small supply of gold extant, it may seem that the structure of the world's financial

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system is being reared upon too narrow a foundation. This argument, however, loses much of its force when we recognize how little gold will be called for in the actual business transactions of the colonial dependencies. The amount of gold necessary to maintain the exchange standard will therefore perhaps not put a greater strain upon the gold supply than the constant increase of the world's holding of the yellow metal will support.

Currency in Africa.—The currency problems of the central and western regions of Africa are analogous to those which we have already discussed, although these regions have not reached the stage of development of the silver using colonies. It is unfortunate that on account of the promiscuous use of the Indian rupee, the Maria Theresa and the Mexican dollars, and the German, British, and French coinage, the natives should have become very much confused in their sense of money values. Nowhere would civilization be helped more by the establishment of a general standard of exchange than in Africa, and nowhere does the establishment of such a standard at present seem more hopeless. Currency reform alone would go far towards solving some of the most obstinate problems in African development. At the present time the merchant has to take into the interior large quantities of goods in order to barter them off for ivory, rubber, and other valuable products of the country. He needs slaves as carriers and he also uses them as

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a medium of exchange.¹ The native currency in these parts of Africa is so bulky that even a small payment would necessitate the employment of several slaves to carry it between villages. The introduction of an easily-portable, universally-accepted medium would wipe out more abuses in the African inland regions than any other one economic change with the possible exception of the establishment of perfected means of communication. It seems at present most likely that an attempt will quite generally be made to place the African colonies upon a gold basis with a silver currency. Germany, as we have seen, is beginning to introduce her gold-value silver coinage into her African colonies, and the French West African colonies along the coast use to some extent the currency of the Latin Union. In the British West African colonies comparatively little progress has been made beyond the stage of barter, but, as in the case of the West Indies, silver with a gold value is beginning to be used. A very grave objection to this system exists in the fact that the currency value is so far in excess of the commercial value of silver that it would be practically impossible to prevent counterfeiting. The question of coinage in Africa has so far not been attacked in earnest by the colonial powers with a view to concerted action. It is highly desirable that they should act together in this

¹ Bills of exchange calling for a certain number of slaves to be delivered to the payee, are frequently drawn in the interior regions of Africa.

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matter and that, in order to avoid the danger of counterfeiting, a coinage somewhat like that of British India should be adopted. This at any rate would seem to be the most rational policy although at the present time there is little indication of a serious consideration of this question upon the broad basis of general African civilization.

Currency in the West Indies.—In Porto Rico the United States has followed the example of Great Britain in her West Indian colonies and has introduced her own gold coinage system. The sudden change from silver to the gold basis, together with all the other revolutionary developments that broke in upon this community gave a shock to business and industrial enterprise from which they took some time to recover. It is important clearly to distinguish between the silver currency as used in the West Indies and that used in British India. The British West Indian colonies have the gold standard, though there is very little gold in circulation. They share the characteristics of the system of the United States, where a high artificial value is given to large quantities of coined silver. In British India, however, coined silver is dealt with more nearly on the basis of its commercial value, and it is the latter system that commends itself for use in the colonies for reasons which have already been brought out. The artificial appreciation of coined silver much beyond its natural value does not seem advisable outside of highly

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developed countries with a perfect police organization for the preventing of counterfeiting, and of small colonies easily controlled, such as the West Indies. In all other colonies the gold exchange standard should correspond more nearly to the commercial value of the two metals.

Banks and Banking.—With respect to agricultural and industrial undertakings there is a radical difference between settlement colonies and dependencies in the tropics. In the former the individual settler is comparatively independent of capital. Everywhere the free land is open to him, and if thrifty and energetic, he soon renders himself economically self-sufficing. In the latter, however, a settler without capital cannot easily succeed, because he has to compete with a laboring population inured to the climate and satisfied with a very paltry return for their work. The European settler in the tropics, therefore, needs capital in order to be able to draw the natural wealth from the soil. He must employ native labor and purchase expensive machinery. Moreover, each European colonist will extend his energies over large areas and white communal settlements with attractive social life will but rarely be encountered in the tropics. It is therefore natural that the development of the tropics should be undertaken rather by companies, in which men join together their capital and their powers of initiative—companies which through their agents, with the aid of large capital and improved machinery, do what the individual set-

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tlar would find it difficult or impossible to accomplish.

While the capital for industrial undertakings in the dependencies will be obtained chiefly in the mother country, nevertheless where colonies are already on a comparatively high plane of development they also can contribute their share of social capital. The problem is therefore to gather together the available financial resources both in the mother country and in the dependency, and to apply them to the development of agriculture, industry, and commerce in a manner which combines the encouragement of thoroughly legitimate undertakings with perfect security of the investment.

For the expansion of commerce in colonial regions it is most essential that strong institutions of credit should exist. The old British method of demanding payment upon shipment of goods can no longer be employed when, in the sharp competition between merchants of the various nations, the giving of long credit becomes one of the chief instruments for the extension of trade. The German merchants have been especially liberal in the terms of credit which they have accorded their customers in colonial regions. Having established direct personal relations with the latter, they could afford to assume risks more readily than the British houses who generally deal with their clients at long range. The only alternative to a direct personal knowledge of the clients is a perfect local banking system, through

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which longer credit can be extended to the merchants upon commercial security. This relieves the commercial houses in European countries from keeping an absolute check upon the individual financial standing of all their customers and enables them through the agency of the banks to extend all proper credit facilities.

The connection of banking with plantation agriculture and with peasant cultivation is especially interesting. The subject of agricultural loans, in fact, constitutes in itself an important chapter in colonial administration. It is not sufficient that mortgage loans secured upon real estate should be granted, although a carefully developed system of such loans is also necessary. What is needed by the colonist and by the peasant proprietor is credit based upon his own capacity for efficient work and upon the harvests which he has reason to expect. It is therefore a credit based upon growing crops rather than upon real property. Both the owner of the plantation, who often finds himself in a precarious financial condition just before a large harvest, and the peasant proprietor, who is constantly in danger of becoming indebted to usurious money-lenders, are in great need of a perfectly developed agricultural loan system.

Colonial credit differs from the system of banking in more highly developed countries chiefly in this respect, that far greater flexibility must be allowed in colonial banking methods in order that they may be adapted to the various exigen-

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cies of a new country where economic life has not yet become crystallized into definite forms. Colonial banking must counteract the tendency of individuals to impose rapacious rates of interest in new countries. It must be able clearly to gauge the productivity of agricultural regions and the reliability of the persons who enter upon the various colonial enterprises. Renewals and long credits are likely to be demanded even more urgently of colonial than of metropolitan banks, and these operations impose upon them a greater risk on account of the uncertain future of colonial affairs. The ordinary European or American banking practice can therefore not be applied without modification to the incidents of colonial development. More latitude must be given on the one hand, while new means of obtaining absolute security must be devised.

In colonies where savings banks have been established, the great problem is how to make an investment of their money in such institutions sufficiently attractive to the natives, in order that the funds thus accumulated may be utilized in the development of industrial undertakings. In most undeveloped countries the money-lender confronts the producer in a hostile attitude, seeking to obtain an extortionate rate of interest and seizing all lands he can bring under his control through forfeiture. It is one of the principal duties of a civilized colonial policy to bring about harmonious relations between colonial capital and colonial industry, by inducing the owners of

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capital to realize the solidarity of all economic life. Capital from the mother country can be successfully enlisted in colonial enterprise only through the establishment of institutions which command the confidence of the fiscal centers. The credit system of a colonial empire must be an organism in which all parts are inter-related and are subservient to the same purpose—the development of economic life throughout the empire. All the individual members of this organism must be kept under strict control, subject to the watchful criticism of their associates and of the administration. These purposes will be more readily attained if the colonial banks have their central office in the mother country. In this manner will they become more conscious of their membership in the imperial financial system and be brought more directly under the tonic influence of uncompromising business principles. They will also be withdrawn from the sphere of local influences which very often attempt to use the credit institutions for purposes of unsound speculative dealings. A colonial banking institution should not be dependent upon any one culture or interest, and it should embrace in its operations a sufficient territorial basis to enable it to resist a depression in any local industry or branch of agriculture.

French Colonial Banks.—French colonial banks were originated in the sugar growing colonies immediately after the abolition of slavery. As the plantation industry had through this social

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reform been placed in a very critical position, it was felt that in addition to the indemnity which was paid the planters by the government, further steps should be taken to protect their economic existence. In consideration of the greatly increased money expenditure in the management of plantations it was held advisable to establish credit institutions in all the sugar colonies. Consequently, by the law of July 11, 1851, colonial banks were organized in Martinique, Guadeloupe, and Reunion. The banks of Guiana and of Senegal were established a few years later. The organization of these colonial banks is based on the principle that they are semi-public institutions. The treasurer of the colony is *ex-officio* a member of the council of administration, and the director (president) of the bank is appointed by the president of the Republic upon nomination by the minister of finance. No dividends can be declared without the approval of the minister of finance represented by the governor of the colony.

The operations of these banks comprise the general exchange and discount business, with the limitation that loans are to be for no longer than four months and that two signatures must be taken. The note circulation must not surpass three times the metallic reserve held by the bank. The most interesting function of the banks in the sugar growing colonies is the granting of agricultural loans. Upon application for a loan the probable value of the crops is determined by an

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expert and a sum not to exceed one-third of the value thus determined is then loaned to the planter. While this part of their business was one of the principal reasons for organizing the banks it has proved very dangerous to their stability. As these colonies are almost entirely given to sugar culture, a failure in the sugar crop is a serious blow to the credit institutions. They have, as a matter of fact, been on the verge of insolvency for the last twenty years, although it must be said that just at the present they are beginning to show signs of greater prosperity. Very often the bank administration has been too lax; loans were extended after the likelihood of payment had become questionable. It was also found that agricultural loans had to be made for a longer period than the four months provided for in the statutes.¹ As a result of all this, the colonial governments have often been called upon to lend their assistance in order to maintain the credit of these institutions. In order to strengthen the old colonial banks it has been suggested that they should be united into one institution having its home office at Paris. In this way local influence would lose its power and the undue extension of loans would become less frequent; moreover, the risks of the institution would be distributed over a wider area so that its credit would not receive too severe a shock, even though there should be a complete crop

¹ The Bank of Reunion weakened itself by trying to protect the *Crédit agricole et commercial* against bankruptcy in 1892.

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failure in any one of the colonies. Moreover, it seems highly advisable to reorganize these banks so as to separate entirely the transactions of commercial and of agricultural credit.

The bank of Indo-China was founded in 1875. It also is a bank of issue, discount, and agricultural loans. Its capital is at the present time 24,000,000 francs, while that of the older banks in the sugar colonies is in no case more than 3,000,000 francs. In its agricultural loan system this bank has worked through the village communities. The communes apply to the agents of the public administration for permission to take up a loan; if the latter endorse the application the loan is made, but the government becomes responsible to the bank as a guarantor. The Bank of Indo-China has its head office at Paris and it has established branches in the larger towns of Indo-China, as well as in Pondicherry, Hongkong, and New Caledonia. It is planned to make this bank an efficient representative of French capitalistic interests throughout the Orient. The government has a control similar to that exercised over the older colonial banks, upon which the organization of the bank of Indo-China is in part modeled. The bank of Senegal, which, after its establishment vegetated for several decades, has recently been transformed into a powerful institution under the name of the Bank of West Africa. The general expansion of commercial transactions and the construction of extensive public works rendered such a change necessary.

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The new bank has a capital of 1,500,000 francs, its chief office is at Paris and it has established branches at various important commercial points in French West Africa.

The Bank of Algeria.—The bank of Algeria has of all colonial banks the most instructive history. It was founded in 1851 as a bank of issue and discount, with 3,000,000 francs capital, and with a charter period of twenty years. The state advanced to it 1,000,000 francs at an interest of 3 per cent. The capital was increased to 10,000,000 francs in 1867, and to 20,000,000 in 1880. In the latter year began the critical period of the bank. On account of the devastation caused in the French vineyards by the phylloxera, a great future was prophesied for the viticulture of Algeria. There was, moreover, a general movement of expansion in Algerian agricultural industry. The doubling of the capital of the bank was undertaken very largely with a view to enable that institution to grant liberal credit to agricultural enterprises. At the same time local banks (*comptoirs d'escompte*) were established throughout Algeria, so that by 1899 there were twenty-five of these institutions. The bank of Algeria made personal loans to agriculturists either directly or through the mediation of these local banks.¹ As the loans were made at the low rate of 5 per cent., and as they were liberally dis-

¹ Real estate loans were not permitted under its charter; for this purpose there existed the *Crédit foncier et agricole de l'Algérie*.

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tributed, a great impetus was given to agriculture, as is shown by the fact that the area of the vineyards increased from 1880, when it comprised 17,000 hectares, to 80,000 hectares in 1886, and to 160,000 hectares in 1902. But while the effect upon the development of viticulture was certainly excellent, the bank itself suffered severely. It had to break the letter and spirit of its statutes, in accepting the unsecured personal paper of agriculturists, and in exceeding the ninety days discount limit imposed by the charter. Moreover, the local banks borrowed money most recklessly from the central institution; thus, for instance, the bank of Philippeville, with a capital of only 100,000 francs, negotiated paper amounting to 1,500,000 francs at the bank of Algeria. As the vineyards did not succeed as rapidly as had been hoped, the trouble of the bank soon became acute. New loans were made in order to save the old ones, and as the bank tried to protect itself through expropriation of its debtors, it found itself finally in possession of a domain of real property estimated at its lowest value at 10,000,000 francs. In 1892, the bank carried more than 22,000,000 francs of overdue paper. When in 1897, the renewal of the charter of the bank was asked for, its condition attracted much public attention. After the bank had arranged its affairs, sold its domain, and again placed itself upon a secure footing, the law of July 5, 1900, renewed its charter for twenty years and imposed certain modifications of its organization. Stricter

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safeguarding of the resources of the bank was provided for, and absolute solvency with regard to all demand obligations of the bank was insisted upon. The circulation of the bank is not to exceed 150,000,000 francs and is secured by a metallic reserve and by the general assets of the bank. It was provided that four new branches should be established by the year 1915 and that the chief office of the bank should be removed to Paris.

In order to provide for an agricultural credit system in Algeria the law of July 8, 1901, established a number of land banks (*caisses régionales de crédit agricole*). These banks are mutual credit institutions and in connection with them agricultural societies have been formed in the various localities. The societies endorse the paper of their members and in this manner procure loans from the land banks. The capital of the latter institutions is supplied partly by stock subscription, partly by savings deposits, and partly by a grant of the state, consisting of 3,000,000 francs advanced by the bank of Algeria. Numerous land banks were established in 1901 and 1902, and there was a great scramble for participation in the division of the 3,000,000 francs. The system is still on trial and it remains to be seen how carefully the local agricultural societies will judge of the credit to be allowed their individual members.

Outside of the direct control which the French government exercises over the colonial banks through the nomination of the director, there is

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also established a commission for the control of colonial banks which has its seat at Paris and which conducts an elaborate bank inspection service. In general it may be said that the French colonies do not as yet have sufficient credit facilities, and that especially the field of colonial savings banks is neglected. The old colonial banks are not permitted to pay interest upon deposits and, while the bank of Indo-China has this power, it has not made use of it for the establishment of a savings department. On the other hand, the French banks have struggled valiantly with the problem of providing agricultural credit, and while they have not entirely succeeded in solving this very difficult problem of colonial administration, they have at least shown how great an impetus can be given to agricultural development by grants of credit, and that even under the most unfavorable circumstances, in monoculture colonies, at times of great industrial depression, banks of agricultural credit have at least been able to maintain themselves. Considering the great thrift of the French people, the interest they take in colonial development, and the readiness with which they advance capital for colonial enterprises, it will be apparent that, as the details of the mechanism for agricultural and industrial credit are perfected in the French colonies, there will come into existence an admirable system for supporting colonial development.

British Colonial Banks.—The British colonies are provided with a complete banking system.

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There are about thirty powerful banking corporations, with their head offices in London, operating in the self-governing colonies, in the tropics, and in the Orient.¹ In the individual colonies there are local banks as well as an efficient system of governmental savings institutions, supplemented by post-office banks in some of the colonies. Most of the British colonial banks outside of India are banks of issue. The only side on which the British system is not well developed is the granting of agricultural credit. While land banks exist in the self-governing colonies and in some of the West Indian colonies, their absence is very much felt in such dependencies as India and Ceylon.

The Colonial Bank, with a head office in London and fifteen branches in the colonies, constitutes the principal credit agency for the British West Indies and British Guiana. Some of its branches have even invaded the French colonies. The Colonial Bank confines itself strictly to the business of a bank of issue and discount; it does not engage in agricultural loans nor does it have a department for savings deposits. In tropical Africa, there has recently been established the Bank of British West Africa, which, with its various branches, is to represent British capital and credit on the West African coast. The South African banks which have their head office outside of Cape Colony issue notes on a basis much

¹ Their total capital in 1902 was £39,057,000; their assets £290,655,000.

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like that upon which the American national bank system rests; securities are deposited with the government which then furnishes notes to the banks of issue. A number of these banks have extended their operations into the colonial regions lying north of the Transvaal. Thus the Bank of Africa has branches in Portuguese East Africa and in Rhodesia, and the African Banking Corporation extends its dealings to Beira and Salisbury.

The banks operating in India may be divided into three classes. There are, first, such institutions as the National Bank of India and the Chartered Bank of India, Australia, and China, which are really international corporations operating throughout the Far East, with branches in every commercial town of the first importance. The second class of Indian banks are the three great presidency banks, of Madras, of Bombay, and of Bengal. These banks were deprived of the right of issuing paper currency in 1861, when the government took away this privilege out of a desire to add to its revenue. Though they passed through a severe crisis they have succeeded in maintaining their importance and power as financial institutions. The third class are the government savings banks which gather up the savings of the Indian people. India lacks, however, a system of land banks and a scientifically developed agricultural credit. As a matter of fact there exists a complete divorce between capital and land in India. An Indian peasant

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has to pay interest rates as high as 24 per cent. or even more for the money advanced him by the professional money-lenders, while the savings banks pay only three per cent. This great discrepancy in interest rates is an indication that the government has not provided a legitimate and regular intermediary between credit and the agricultural class.

In Egypt the solution of this problem has been attempted. In 1899 the National Bank of Egypt began, as an experiment, to make advances to agriculturists in certain districts. In the following year these operations were extended to ten districts and nearly 9,500 loans amounting to £E137,781 were made. The interest rate was fixed at 10 per cent., of which 1 per cent. went to the local agents as a commission, while the remaining 9 per cent. covered the expenses, profit, and losses of the bank. As this experiment proved successful, there was established in 1901 a National Land Bank, the capital of which was furnished by the National Bank of Egypt and by a London firm. In 1904 this bank had loaned out over two million pounds, at an interest of 9 per cent. The Egyptian fellah has for centuries groaned under the scourge of the money-lender. Even under the most favorable circumstances the interest exacted was about 15 per cent. Usually it was agreed that the borrowed money was to be repaid in equal installments, thus a loan of £100 would be repaid in five annual installments of £30 each. In such a case it is diffi-

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cult for a land bank to offer relief, because the money-lender insists upon his annuity contract, which he does not allow to be commuted at a reasonable rate. Although the Egyptian peasants were originally suspicious of the land bank, they soon discovered that they could get money from it at far better rates and on easier terms than formerly. They consequently have begun extensively to patronize the public institutions of credit.

The Bank of Java was founded in 1820 with a capital of 6,000,000 florins, which has remained unchanged until the present time. The bank furnishes the notes in circulation in the Dutch East Indies. Working in harmony with the Bank of the Netherlands, in Holland, it has succeeded in maintaining the parity of its notes and of the silver currency of Java with the value fixed by the gold exchange standard, since 1875, when it was first entrusted with this task. In 1902, it was carrying on the vast operation of providing a stable currency for the Dutch possessions upon the narrow gold reserve of 8,110,000 florins. Its silver reserve at the same date was 5,213,600 florins. Confining itself to the ordinary lines of banking business, it has none of the features of an agricultural bank. But the native cultivators are protected, as the money-lenders are strictly controlled by the government, and the laws do not allow them to oust the natives from their land.

From the experience thus far gained in colonial

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administration, it seems clear that a special organization must be given the credit and banking systems in the colonies. A bank confining its operations to a single locality will not succeed as well in the colonies as it may in a well developed country, which has more diversified interests. Moreover, a large corporation, known in the financial centers through direct personal contact with the leaders of finance, has far greater opportunities for obtaining funds for its purposes than are at the command of a purely local institution. While of course all the ordinary parts of the business of banking are transplanted to the colonies, the operations of discounting, of exchange, and of issue assume a different character under the new conditions. Men and enterprises are to be judged less according to fixed standards than in an older country; far greater latitude in the grant of credit is therefore necessary. The business of exchange plays a more important rôle in the colonial bank, on account of the comparatively unsettled condition of the colonial currency. One principle that seems to stand out clearly from the experience of France is that, while it is desirable to establish institutions of agricultural credit, they should be sharply distinguished from the business of general banking. The validity of agricultural credit is so difficult to determine according to merely commercial rules that it should be undertaken only by an institution that gives all its attention to the gauging of probable agricultural values.

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Colonial banks have been successfully utilized for the purpose of providing a currency. The metallic reserve upon which this currency rests should certainly not be less than one-third of the note-issue—the rule in the French colonies. The adoption of the United States banking system, which is contemplated in the Philippine Islands, and for which there is a precedent in the experience of Cape Colony, would seem to hold out a fair promise in new lands, because while it perfectly secures the issue, it relieves the bank from the necessity of holding a large reserve in coin and thus tying up the circulating medium.

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CHAPTER V

COMMERCE

The expansion of national commerce was the original motive of colonizing activities, and even to the present time the English colonial movement, especially in the tropics, is centered about commercial interests. These interests have been so clearly preponderant that political methods and institutions have been molded with prime regard to commercial policy. Commercial organization has remained supreme, and political institutions must adapt themselves to it. For this reason, British colonial policy has always favored local autonomy; and the creation by the home government of a general uniform system of legislation to which all colonial activities would have to conform, will remain impossible as long as British commercial interests are active and vigorous. Thus the establishments of Great Britain in India and the Far East, as well as in tropical Africa, have been governed primarily from the point of view of commercial development, and freedom of commerce has been the first consideration. It is a mistake made by some of the other powers, into which even some sections of the British public are in danger of falling, to

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believe that commercial enterprise can be created and upheld by purely political methods. This undue emphasis of political action goes so far that many contemporary discussions of colonial administration neglect entirely those natural methods of building up commercial relations, upon which, after all, the prosperity of any colonial undertaking must rest.

The organization of commerce in the tropics requires concentration of effort in large business houses. Large stocks have to be carried, long credits given, and a multitude of agencies established. Reverses in one part of the field of activities have to be made good by successes in others. For these reasons smaller houses of limited capital will find it difficult to engage successfully in commerce in the tropics, and the tendency will be, as it has been in the past, to have this business carried on by powerful and well-established houses or corporations. Of prime importance in gaining or holding colonial markets is that fund of traditions and experience which is everywhere a most valuable part of the capital of a commercial house. Each agency, each branch house, and every central office, must become the repository of information upon the methods of trade, the character of customers, and the kinds of goods wanted. In this matter the public administration can materially assist the merchants by institutions which investigate the commercial and industrial resources of the colonies and the products which may profitably enter into national commerce.

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Such information is provided, for instance, by the Imperial Institute in London, which issues in its "Technical Reports and Scientific Papers" the results of investigations concerning the colonial materials of commerce. The Committee on Colonial Economy in Germany does a very useful work in gathering data about economic conditions and commercial opportunities in the colonial world. A similar purpose is subserved by the Philadelphia Commercial Museum, which enables the merchants of the United States to gain detailed information as to the products or the wants of any foreign or colonial region.

The older system of soliciting business largely through circulars is no longer effectual. Trained agents have to be employed, through whom the business houses may come into direct contact with their customers, and thus have a chance to present their goods to the best advantage and at the same time to learn exactly the needs and desires of the populations with whom they are dealing. The employment of traveling agents is also especially important on account of the long credits which are asked for by the retail merchants and middlemen in colonial commerce; personal acquaintance with the character of the customer alone justifies extending such favors habitually. In order to support a more highly developed colonial commerce, banking arrangements must be much more developed, as has been shown in a preceding chapter.

One of the main difficulties of commercial

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houses in the tropics lies in securing and retaining an efficient and reliable force of representatives and employees. Commercial service in the colonies implies exile from home and from most things which make life agreeable. Large salaries must therefore be paid, and every possible means employed to identify the interest of the agents with that of the firm. This is specially difficult in the French colonies, where the numerous positions in the public administration constantly invite commercial clerks to abandon their employment for an easy and remunerative berth under the government. Thus officialism becomes doubly a bane to French colonial enterprise. In British colonies government places are not so numerous, and the rich commercial houses are able to attract their servants to themselves through liberal payment. The personnel of a German house dealing beyond seas is a compact hierarchy of clerks and representatives, who leave a part of their salary invested in the firm and who look forward themselves ultimately to becoming members of it. German commerce is most prosperous where there are no German officials, *i. e.*, in regions not under the control of the German government, such as Hongkong and South America. The great success of Danish and Belgian houses in colonial commerce is also due very largely to the fact that the bane of officialdom does not weigh on their enterprises.

As the matter of access to the markets is of course essential, the creation of regular shipping

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facilities with reasonable prices ought to be one of the first considerations of the colonial administrator. To the splendid service of the German merchant marine is due the opportunity which German industries at present enjoy for placing their products in almost any part of the world. The United States, too, benefits by this creation of a strenuous competition among merchant marines, through which very low freight rates have been secured for American products shipped to Asia and Africa.

As the European population in the tropics will probably for a long time remain very small, it is desirable from the point of view of commerce that the natives should be led to develop greater and more varied needs. The natives in India, with their numbers constantly crowding upon the limits of subsistence and with their industries so little diversified and developed, are, on the average, the poorest customers and smallest purchasers in the civilized world. The Malays of the Philippine Islands have more elbow room, and apparently they do not lack the inclination to provide themselves with the manufactured articles produced by Western nations. Even in Africa, where nature furnishes abundant food and where there is no great necessity of expense for dress and habitations, it is found that the imitative character of the natives leads them, as soon as they come in contact with Europeans, to desire various articles of usefulness and luxury. Definite attempts have also been made to increase

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their habitual wants. Thus Colonel Thys has attempted to educate the railroad laborers in the Congo Free State to a greater variety of wants by making them acquainted with more palatable food than they have been accustomed to, by giving especial encouragement to those who consent to wear "full dress," and by having the women taught better methods of housekeeping and cooking. His main purpose, of course, is to make the natives work more steadily in order to obtain the things which they have learned to desire, but the object of developing trade is also incidentally present.

Commerce in the colonies can flourish only in the absence of all vexatious regulations. When a system of police interference and supervision is transferred from Germany to Africa, it acts as a damper upon all colonial enterprise, and no official fostering can take the place of vigorous private initiative in making the colonies profitable to the mother country. In those colonies which have a high customs tariff and, consequently, a strict system of customs examinations, commerce is necessarily subject to many delays and vexations which tend to drive it to other colonies where conditions are more favorable. The astounding development of British commerce in Africa and Asia is due in no small measure to the liberal manner with which the English have followed out the policy of free trade in all their colonial dependencies. Entrepôts of commerce of such importance as Hongkong and Singapore could

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never have been created on any other basis. And yet at the present time a strong current of opinion is setting towards a different system under which it is to be attempted to develop colonial commerce through artificial political arrangements. The general plan upon which this policy is based is that certain territories shall be preëmpted in behalf of the commerce and industry of a certain country, and that, as soon as treaty obligations and general considerations allow, a wall is to be erected high enough to discourage commerce with other nations. This policy, which has been followed by France, has been crowned with apparent success, inasmuch as the trade of certain colonies with the mother country has relatively increased; and there are therefore found many advocates of such a policy even in the United States, Germany, and Great Britain, who would fain imitate the method which has given to France the practical monopoly of the trade in most of her colonies. But when later we shall investigate the conditions in these colonies more in detail, we shall find that the absolute increase in commerce and prosperity is not what could reasonably be expected. While the mother country has gained, the general prosperity of the colony has suffered, because it has not been permitted to unfold its commercial relations in a natural manner. Transit trade is interfered with by the high rates of customs duties, artificial boundaries have to be watched by an expensive customs service, and the colony in the end pays

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dearly for the advantages which the mother country receives.

When we consider the total volume of colonial trade we shall find that while it constitutes an important item in the world's commerce, it is not by far important enough to allow us to place it ahead of the commerce between independent nations, so as to neglect the latter or interfere with it with the purpose of developing colonial trade. In 1903 the goods imported into the United Kingdom from the British possessions were valued in round figures at £113,000,000. The imports from foreign countries were £428,000,000; the exports from the United Kingdom to the British possessions, £119,000,000; to foreign countries £240,000,000. Of the total commerce of the United Kingdom, therefore, about 26 per cent. is carried on with the British possessions. In France in 1903, the imports from the colonies amounted to 433,000,000 Fr., while the total import trade was 6,079,000,000 Fr. The export trade to the colonies for the same year was 551,000,000 Fr., the total export trade 5,577,000,000 Fr. The ratio, therefore, which the colonial trade bears to the whole is about 8.5 per cent. There has been a very rapid increase, both relatively and absolutely, of French commerce with the colonies. Thus French exports to the colonies (exclusive of Algeria and Tunis) rose from 74,000,000 Fr. in 1890, to 216,000,000 Fr. in 1903, while foreign commerce with the French colonies during this period has been practically

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stationary. A smaller increase is shown in the colonial imports into France, which have increased from 110,000,000 Fr. in 1890 to 154,000,000 Fr. in 1903. This remarkable expansion is due primarily to the adoption of a strictly protective policy for most of the French colonies in 1893, and it also represents in a large measure the return upon a very heavy investment of French treasure in colonial enterprise.

The totals of colonial trade statistics, however, give us very little real information; it is necessary to analyze the returns in order to perceive their bearing upon national industry. Thus, in the first place, the statistics concerning the imports into the colonies must be carefully distinguished from the exports because the entire question of the effect of colonial trade upon the industries in the mother country depends primarily upon the sources and character of colonial imports. But furthermore the quality of the colonial import trade must be carefully considered, because a commerce that is small in bulk may nevertheless be of greater advantage to national industry than a commerce much larger but different in quality.

From the point of view of the development and prosperity of national industry it is important that the exports of the nation should be composed largely of manufactured goods, the value of which includes as high as possible an amount of labor cost. The export of raw material, of coal, of food materials, and of machinery used in factories, can-

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not be considered of the highest advantage to the industrial life of a manufacturing country, nor is it most profitable from a national point of view to furnish foreign countries with ships, which help to build up their merchant marines. Analyzing the export trade of Great Britain with this consideration in view, we find that the export of raw material, coal, ships, and machinery to foreign countries in 1903 amounted to £48,000,000, while the colonies took only £11,000,000 of exports in this class. Manufactured goods (exclusive of industrial machinery and ships) to the value of £121,000,000 were sent to foreign countries, while those shipped to the British colonies were valued at £89,000,000. Only 10 per cent. of the exports of British goods to the colonies consist of those commodities which the national industry derives relatively the least profit from, while for foreign countries the figure is 27 per cent. It has further been shown that in the foreign trade of Great Britain the export of manufactured goods is declining while that of raw material and machinery is increasing.

Among the exports of articles wholly or mainly manufactured, discrimination may be made according to the stage of completion. Naturally, the products which pass through most processes at home distribute greater profit among more classes, than those which have simply gone through the first stages of manufacture. The colonial demand takes a relatively higher proportion of completely worked-up articles than does

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the foreign market. The colonies actually import a larger amount of the finished product than do the foreign customers. Of the manufactured goods exported to the colonies, 48 per cent. represent articles completed and ready for consumption, 49 per cent. manufactured articles requiring some final process of adaptation or combination, and 3 per cent. only articles partly manufactured. Among exports of manufactures to foreign countries, a much larger proportion of goods (70 per cent.) passes through important profit giving, labor paying processes abroad. Conversely, in regard to imports of manufactures, the colonies send partly manufactured goods to the mother-country to go through the finishing processes there, while foreign nations, in 1903, sent to the United Kingdom, £49,900,000 of articles ready for consumption or over 8½ millions more than they took of the same classes of goods. Thus the dependencies make the intra-imperial commerce more valuable by taking from the United Kingdom the largest proportion of her most profitable exports and by sending her the smallest amount of the least desired competing products. What lends additional importance to the trade with the colonies is that not only does it include the most profitable items, but it is also the fastest increasing. While from 1870 to 1903 exports of British manufactures to foreign countries have been almost stationary in amount, they have more than doubled in the case of the colonies (rising from £44,000,000 in 1870 to £96,000,000 in 1903).

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The above considerations point to the special importance of tropical colonies in affording a permanent market for the regular products of national industry. For the self-governing colonies, though they are still good customers of the mother country, will not confine themselves permanently to an inferior industrial position, but are already beginning to vie with the British industries along certain lines of manufacture. For an indefinite time to come it is likely that economic activities in the tropical colonies will be confined almost entirely to the extractive and agricultural industries and that manufactures will constitute an exceedingly small element in tropical economic life. Tropical trade is therefore relatively of larger importance than its bulk would indicate when the latter is compared with the sum of international trade, because tropical commerce furnishes the population of an industrial state with food and raw materials, while taking from it manufactured goods in the value of which labor cost forms an important element.

An Imperial Customs Union.—At the present time when Mr. Chamberlain's agitation for closer intra-imperial trade relations is attracting so much attention, a discussion of colonial commerce will naturally gravitate around the problem whether the commerce between the mother country and the colonies can permanently be fostered and increased by political means. Mr. Chamberlain's proposal, which has so far been given to the world only in outline, has for its principal article

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the imposition of a differential tariff upon food imports into Great Britain, so arranged as to give a preference to the self-governing colonies. It has likewise been proposed to reduce the tax on sugar and tea and to make up the deficit thus caused in the revenue by a 10 per cent. tax on manufactured goods imported from foreign countries. In return for these advantages the colonies would be expected to give preferential treatment to imports from the mother country, an arrangement which has already been made by Canada, South Africa, and New Zealand. As will be seen at a glance and as the drift of the current discussion proves, the scheme contemplates primarily a closer commercial union between Great Britain and the self-governing colonies. But though the bearings of this policy upon the tropical colonies has been given very little attention, it admits of no doubt that in the event of Mr. Chamberlain's propaganda being successful, an effort would be made artificially to control the currents of trade with the British dominions in the tropics. As the tropical colonies at the present time count for nearly one-half of the colonial trade of Great Britain, it is difficult to understand the reason for almost utterly ignoring them in the current discussion. That their commerce is destined to become relatively more and more important, is clear when we remember the effort of the self-governing colonies to build up manufacturing industries of their own and to render themselves industrially independent.

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The scheme for promoting imperial economic union would affect the tropical colonies in a manner radically different from the results expected for Australia and Canada. It is evident that Mr. Chamberlain looks entirely to the self-governing colonies and to the political advantages which may be obtained through such a policy in Great Britain itself. But we cannot consider a policy mature, which under the avowal of furnishing a new basis for imperial economic relations shows no attempt seriously to deal with the special character of economic life in what is in many ways prospectively the most important part of the British colonial empire—the tropical dependencies. A review of the economic conditions in the British colonies will show that they can by no means be dealt with upon any narrow principle. So ramified are their trade relations, so dependent is their export trade upon a wide circle of purchasers throughout all the nations of the world, that by decree to give a totally different direction to their current of trade would appear a policy of exceedingly doubtful wisdom.

In 1903 the imports into British colonies from the United Kingdom amounted to £120,000,000, while the imports from foreign countries amounted to £161,000,000. The exports of the colonies to the United Kingdom amounted in that year to £108,000,000; to foreign countries, £171,000,000. In 1903 the percentage of the share of the United Kingdom in the total imports of the individual colonies was as follows:

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British India.....	65%
Straits Settlements.....	10%
Ceylon	28%
Mauritius	24%
British West Indies.....	31%
Natal	56%
West Africa.....	51%
Australia	52%
Cape Colony.....	62%
British North America.....	24%

The percentage of British exports into Canada fell from 50 per cent. in 1871 to 24 per cent. in 1903; in Cape Colony from 83 per cent. in 1871 to 62 per cent. in 1903. In Australasia it rose from 39 per cent. in 1871 to 54 per cent. in 1903. Upon the whole, Great Britain has been losing relatively in the self-governing colonies, but the exports to India show an increase, and the absolute gain of general trade has been considerable. This partial relative decline is due of course to the fact that colonial trade relations have been more fully developed, and that countries like France and Germany, which formerly did not enter into the world trade with any effect of serious competition with Great Britain, have now begun to claim their share. While the export of British goods to the United States has been fairly stationary, there has been an increase of exports to the protected states of Europe; and the total export of manufactured goods to these two regions about equals that to the British colonies and dependencies.

On the whole, Great Britain has no reason to

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complain of the amount of colonial trade which falls to her share.¹ At first view we should expect that the figures would show a large excess of colonial imports into Great Britain over the exports from the mother country to the colonies, for the investments of British capital which have been made in the colonies are calling for heavy interest payments. In fact, however, in the last few years Great Britain has exported more to the colonies than she has imported from them.² This apparently anomalous condition is due to two sets of facts. Several of the colonies are still importing the original outfit of their industrial development, and have not yet begun to repay interest and capital to the mother country. But more important, most of the colonies which show an excess of imports from Great Britain, export very heavily to other nations from whom again Great Britain makes purchases, thus restoring the balance of trade. In 1903 the following colonies showed an excess of exports to Great Britain: Canada—the largest—New Zealand, Ceylon, the Straits Settlements, Nigeria, Egypt, and Newfoundland. The following showed an excess of British imports: India, South Africa, Australia, the West Indies, and West Africa. A consideration of the commerce of these various colonies will show how important is the round-about trade

¹ Nor are general trade relations unfavorable to her. Thus in 1903, Germany's exports to the entire British Empire were £60 millions, but her imports from the Empire were £66 millions.

² From five to ten million pounds sterling per annum.

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with other nations and also what a radical displacement of commercial activities would have to be effected in order to force the trade of these dependencies into new channels.

Indian Commerce.—In India external commerce is of far less importance relatively to internal industry and commerce than in any other great country. This fact is accounted for not so much by the relative amount of that commerce but by the fact that India does not, like other countries, habitually send the surplus product of her general national industries to foreign lands. On the contrary, Indian industries may be divided into those which primarily supply the local demand for food and clothing and those which supply the export trade. The excessive poverty of the masses of the Indian people sets very narrow limits to their economic wants. As the natives are mostly agriculturists, they satisfy their ordinary needs without the intervention of any trade at all. In addition to the food which they raise, they purchase a little salt and some cotton goods, but ordinarily nothing beyond this. As in Japan before the restoration, and as in China even at the present time, the vast bulk of the population leads a self-centered economic life, producing what it needs, and not looking to foreign trade for a supply of necessities and luxuries.

The relative importance of the food-supplying industries in India is shown by the fact that five-sixths of the cultivated area of India is used for food production, while one-sixth only is used for

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the production of raw materials for manufactures. But though in average years about two to three per cent. of the total food product is exported, the chronic famine distress which has prevailed in India during the last decade makes it clear that this export does not constitute a true surplus. It is indeed an alarming sign of the great poverty of India that at such times food should be sold abroad which is so absolutely necessary at home. The ordinary food grains of India, millet and pulse, are not exported at all. Wheat is raised only in Northern India and in normal years considerable export trade takes place; but it is subject to great fluctuations and in some years recently it has fallen to a very low average. Of food materials rice is by far the largest item on the export list. Eastern Asia and the Philippine Islands have been the best customers for this product in recent years. But in India itself rice is not the food of the common people except in Burma; it is used only by the wealthier classes.

From all this it is apparent that India cannot be looked upon at present, considering its large and increasing population, as a country in which it is advisable artificially to encourage the exportation of food. A British preferential duty on food materials in favor of the colonies might therefore be directly harmful to the Indian people as a whole, no matter how much it may be desired by the exporting merchants. It has been argued that famine is due, not to a lack of food, but to the penury of the rural population which is not

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able to pay even a moderate price and that for this reason food export might safely be encouraged. Yet this view does not entirely commend itself to acceptance as the further raising of the price would certainly cause distress among wider circles. What India needs is a greater supply of food, not a larger market; better means of irrigation and production rather than added facilities for sale.

India is the largest sugar producing country of the world, but the methods of manufacture are so primitive that the grades produced are not sought for in the export trade. Indian sugar is entirely consumed at home and it satisfies the ordinary demands of the native population. The wealthier classes and the foreigners, however, buy sugar of finer quality. This was formerly furnished largely by Mauritius, but with the growth of the beet sugar industry in Europe, cane sugar was nearly forced to yield in the competition. In 1899 the Indian government imposed a countervailing duty upon bounty-fed sugar. This was done for imperial reasons rather than for the protection of the Indian sugar industry. The demand for refined sugar could be supplied by the latter in neither case; it was the cane sugar of Mauritius, and the sugar refined at Hongkong that was helped by this preferential duty. The Indian sugar industry could be improved only by introducing more modern methods of production. Even with the countervailing duty, the Austrian sugar producers were able to sell as much as 225

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million pounds of sugar in British India in the year 1901-2.¹ The increase in the duty in 1902 nearly cut off the beet sugar import. But the remission of duty following upon the Brussels Conference of 1903, has renewed the extensive import of the Continental product.

The products which constitute the real and constant strength of Indian export trade are the following: raw cotton, cotton yarn, and coarse cotton fabrics, jute, tea, rice, seeds, skins, hides, and opium. The raw cotton of India is far inferior in staple and quality to that produced in the United States and Egypt. It has therefore ordinarily no market in Great Britain, and is at present exported chiefly to Japan, where it is in demand on account of its cheapness.² Indian cotton yarns are exported almost entirely to China. It is evident that it would take the force of a great number of decrees to induce British manufacturers to use Indian cotton unless such improvements were made in Indian agriculture as would entirely transform the quality of the product. The suggested imperial union of free commerce would, under present conditions, be powerless to give a British market to so important an export as

¹ In the fiscal year 1902-03 the total import of sugar was £3,180,000. Of this Mauritius furnished £1,265,000, Austria £561,000, Hongkong £380,000, and Java £314,000.

² In 1902-3 the value of raw cotton exported to Great Britain was only £627,000; Italy and Belgium each imported twice as much from India, and Japan £2,650,000. The total export of raw cotton to foreign countries was sixteen times as large as that to Great Britain. Of the total exports of raw cotton in the seven years preceding 1904, Great Britain took only one-seventeenth part, while Japan took fully one-third.

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Indian cotton. This product can be exported from India without any of the unfavorable consequences which follow upon the exportation of food-stuffs, but it is precisely the product which the manufacturers of Great Britain do not want. Next to cotton, jute, raw and manufactured, is the most important product exported from India. The leading purchasers are the United States, Australia, Argentina, Germany, and France. In this case the United Kingdom takes about one-fourth of the total largely for reëxport.

Indian tea finds its market almost entirely in Great Britain where, together with the product of Ceylon, it is displacing the Chinese leaf, so as entirely to modify the trade balance between Great Britain and China. Between the years 1875 and 1903 the British tea import has shifted almost entirely from China to India and Ceylon. In 1903 the value of Indian tea imported was £5,355,000. The trade has, however, been endangered by the increase of the British tea tax to 8d. a pound in 1903, which has raised the price of tea so much that substitutes may be resorted to. The other Indian imports into Great Britain, the value of which exceeds one million sterling per year, are wheat, raw and dressed skins, jute, rice, and linseed. Indigo, formerly one of the richest products of India, is now exported only to the value of £717,000, of which Great Britain takes less than half. In several lines, other nations are better consumers than Great Britain, thus Japan takes more hides, the United States more skins

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and more gunny cloth; of sesame-seed France takes £1,167,000, Great Britain nothing. Russia is by far the poorest customer of India, taking an infinitesimal part of the total exports; in Russia most Indian products are subject to heavy import duties; and the tea trade has been almost destroyed by the imposition of a tax of 250 per cent. ad valorem. When we look at the export trade of India we will be struck by the evenness of its distribution among the leading countries of the globe.¹

As far as imports into India are concerned it is hardly conceivable that the United Kingdom could desire anything better, as she has two-thirds of the total import trade, including a practical monopoly of the cotton imports.² It is therefore

¹ The percentages for the fiscal year 1903-4 were as follows:

United Kingdom	27.1 per cent.
China (and Hongkong).....	11.9 " "
Germany	9.9 " "
France	6.6 " "
United States	6 " "
Belgium	5.1 " "
Straits Settlements	4.8 " "
Japan	5.6 " "

It will be interesting to compare the percentages of imports for the same year: From

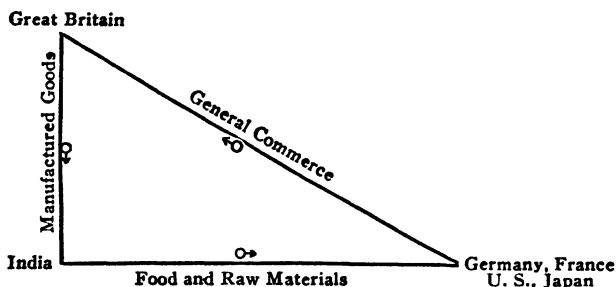
United Kingdom	65. per cent.
Belgium	4 " "
Russia	2.9 " "
Austria Hungary	2.6 " "
Straits Settlements	2.9 " "
Germany	3.4 " "
China and Hongkong.....	2.3 " "
France	1.9 " "
United States	1.5 " "
Japan	1.5 " "

² India buys about 20 million pounds sterling of cotton manufactures of Great Britain in ordinary years.

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difficult to see how her position could be improved. Moreover, when we examine the figures for several years back we find that they show that none of the other powers are gaining to any extent upon the United Kingdom in Indian trade; on the contrary, their percentage is on the whole declining.

The table of export percentages shows how cosmopolitan is the trade of India, and it is difficult to see what Great Britain would have to gain by destroying the export trade of India with Germany, France, and the United States. As it is, the fact that India is free to use the world's market for her produce, gives her the means to purchase large quantities of goods from Great Britain. The trade relations may be presented graphically by the adjoining diagram, which presents, of course, only the main current. Great Britain sells her manufactured goods to India,



and reimburses herself in part by drawing upon the products of Germany, France, Japan, and the United States, to whom in turn India exports

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heavily. The import trade in British goods is strong along all lines, and so well is England's position entrenched on account of the fact that all the threads of the commercial system are in the hands of the British merchants, that it will be exceedingly difficult, in fact almost impossible, for any other nation to supersede British trade to any appreciable amount, so long as the industries of Great Britain and her commercial organization retain their efficiency. It would be a sign of abnormal timidity under such conditions as this to take refuge behind an artificial protection created by law.

A dangerous aspect, from the Indian point of view, of the movement for closer imperial economic union lies in the fact that it would still further subordinate the entire life of India to the interests of the commercial class and of parliamentary politicians at home. The principal matter in which the British parliament has thus far seriously interfered with the Indian economic system—the cotton duties—was determined solely in the interest of the British producers with little regard for the special needs of Indian economic life. On the part of the Indian government the entire economic policy of the empire has been generally viewed through the eyes of the commercial class. The cotton duties and excise, the countervailing sugar duties, and the adoption of the gold standard, all resulted primarily in great advantage to the merchants, although these measures may also plausibly be defended from the

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point of view of the general interests of India. Such being the general attitude of the Indian government, which is carried on with the desire at least of governing India in her own interest, it can easily be imagined what would happen should the center of gravity in the control of Indian economic life be shifted to a tariff-making parliament in a distant country, through the realization of the scheme of an imperial customs union. Indian welfare has already repeatedly been sacrificed to the interests of foreign trade which is of comparatively minor importance in her life; but from what we know of the actions of national parliaments when they deal with colonial questions and when they deal with tariffs, it is to be feared that far greater sacrifices would be imposed upon the tropical colonies, which in matters of parliamentary action are dumb and unresisting.

As far as outlined at the present time Mr. Chamberlain's policy of confining the currents of international trade to narrow and strained channels, would rob India of the freedom of disposing of her export produce in the markets of the world. As a matter of fact Great Britain has no equivalent market to offer for the peculiar products of the Indian industries. If any modification of the Indian tariff policy is to be introduced it should not take the direction of general imperial preference but of greater fiscal independence on the part of India, so that a small measure of protection might be accorded to certain native industries, and that the government might be provided with

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a weapon of retaliation against such outrageous attacks on Indian commerce as the prohibitive tariffs of Russia.¹

The commerce of Ceylon is balanced in the reverse direction from that of India. In 1903 Ceylon exported to Great Britain produce to the value of £4,356,000, while she imported only £1,512,000 of British goods. The balance of trade with Great Britain is therefore heavily in favor of Ceylon. In cotton imports Great Britain still holds the primacy, although imports from India are increasing, equaling at the present time about 40 per cent. of the British import; and in hardware Germany is beginning to compete with the British manufacturers. It is natural that Ceylon, being a station on the world's great route of travel between China and Europe, should have a somewhat more cosmopolitan import trade than India. The balance of trade with Great Britain is adjusted by way of the latter empire, so that

¹ The opinion of the Indian government itself is not favorable to a policy of preferential tariffs; in an official statement of its views on the matter it says:

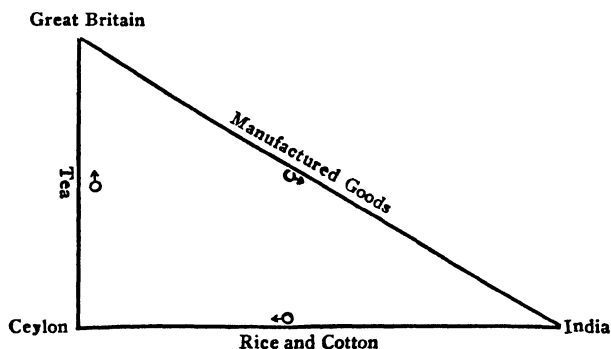
"Firstly, that without any such system, India already enjoys a large, probably an exceptionally large, measure of the advantages of the free exchange of imports and exports.

"Secondly, that if the matter is regarded exclusively from an economic standpoint, India has something, but not perhaps very much, to offer to the Empire; that she has very little to gain in return; and that she has a great deal to lose or to risk.

"Thirdly, that in a financial aspect, the danger to India of reprisals by foreign nations, even if eventually unsuccessful, is so serious and their results would be so disastrous, that we should not be justified in embarking on any new policy of the kind unless assured of benefits greater and more certain than any which have, so far, presented themselves to our mind."—Parl. Pap. 1904. Cd. 1931.

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the main current of trade is in this case again triangular. Ceylon sends tea to Great Britain, which country in turn supplies India with manufactured goods, while Ceylon draws her rice and other articles of food principally from the neighboring empire, as is shown by the accompanying diagram. It will therefore be seen that a pros-



perous year in Ceylon means a large increase of British exports to India. Ceylon at such times imports more heavily from India, which is thus enabled to make larger purchases of manufactured goods in Great Britain.

On account of their character as entrepôts for international exchange, the two far-eastern colonies of Hongkong and the Straits Settlements are peculiarly in need of complete international liberty of trade; both thus far have adhered to a régime of absolute fiscal freedom, levying no taxes at all upon imports. In 1897 a powerful agitation was even begun against the system of harbor dues in Hongkong on the ground that they

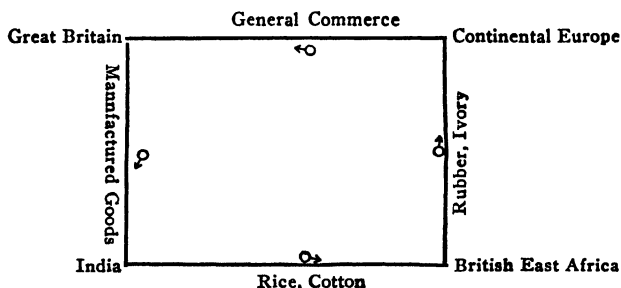
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interfered with commercial liberty; as a result these dues, although not unreasonable at the time, were reduced to a merely nominal charge. The incident illustrates the alertness of the commercial population, which fully realizes that absolute freedom of trade is to an entrepôt like Hongkong a matter of life and death. The great importance of these outposts of British trade becomes apparent when we consider that the external commerce of the Straits Settlements alone amounts to over £60,000,000 annually, and is equal to two-thirds that of Canada and fully as great as the entire external trade of Cape Colony or of Japan in 1903. On account of the limited area of the above two colonies their commerce involves a very small element of actual importation, but is composed almost entirely of transit trade with Oriental countries. Should any restrictive trade policy be applied within the British Empire, entrepôts such as these would suffer enormously, as such a policy would certainly result in a diminution of extra-imperial trade relations.

African Commerce.—As in the matter of currency, so in commerce, East Africa belongs to the sphere of India. British East Africa receives from that country such imports as rice and cotton goods; its chief exports, ivory and rubber, however, go to Continental Europe; and the balance of trade is adjusted by way of India. East African trade relations are therefore very intricate at present, although it would perhaps not be very difficult to turn more of the export trade to Great

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Britain. The following diagram shows the direction of the main trade current between East Africa, India and Europe.



Tropical Africa constitutes a most promising field for the future expansion of European and American commerce. The natural wealth of central Africa in valuable timber, in animal products, rubber, and mining resources, is exceedingly great. Up to very recent times European commerce had touched this vast reservoir of natural wealth only on the border. The coast belt had been fairly well exploited, but the insecurity of the interior and the heavy cost of transportation made it impossible to extend commercial operations to any considerable distance from the sea. With the attempt at political occupation made by the European nations since 1880, there has also come the desire of conquering the commerce of the interior regions. At present, however, the actual achievement is still comparatively small, and when the figures of African commerce are reviewed and compared with those of more developed and more accessible parts of the world, the

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thought suggests itself that the result does not yet justify the heavy expenditure incurred. But when we consider the short period during which the newer methods of colonial occupation and exploitation have been in use, we must concede that it would be unfair to base any final argument upon the results thus far obtained, and that any consideration of African commerce must make the large undeveloped resources of Africa the principal basis of its calculations and principles. Africa is a promising field for European commerce because the wants and needs of the natives are more readily expanded than they are in older and more densely settled communities in the tropics. Considering the climate of Africa the demand for cotton goods is already surprisingly strong, and Africa promises to be one of the best markets for European cotton manufactures in the future.¹ Outside of cotton the most important

¹ In 1903 cotton goods were imported into Africa from Great Britain in the following amounts:

Cape Colony and Natal.....	£1,315,000
British West Africa.....	926,000
Egypt	2,419,000
French Africa	880,000
Portuguese Africa	343,000
Morocco	541,000
Other regions	347,000
Total	£6,771,000

The total trade of Great Britain with Africa for 1903 was as follows:

Imports from British Africa (including Egypt)	£26,805,000
Imports from non-British Africa....	2,595,000
British Exports to British Africa...	35,546,000
British Exports to non-British Africa	6,483,000
Total	£71,429,000

The total trade of Great Britain with Africa is therefore somewhat larger in amount than that with British India.

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articles of European trade in Africa are firearms, powder, and spirituous liquors. Only in the second line come iron manufactures and general manufactured goods. In colonies in which large public works are being constructed the materials for these form a very important item in the imports.

The chief articles of African export trade are rubber, palm oil, palm kernels, ivory, cotton, and peanuts. The trade in agricultural products outside of Egyptian cotton, is still in its infancy. While the natural wealth of Africa seems at first sight boundless, it is nevertheless true that in the more accessible regions such products as rubber and ivory are growing scarce. The natives when left to themselves have no conception of the necessity of replanting rubber vines and trees, nor of tapping them in such a manner as to preserve the plants themselves. The high price obtained for rubber during the past decades has led to the wholesale devastation of African rubber forests. It has therefore become clear that unless the natives can be educated to gather rubber in a more careful fashion and to replace by new plantings the vines that have been destroyed, one important item in the natural commercial wealth of Africa will be liable to destruction within a measurable distance of time. There is also a growing scarcity of ivory, which was formerly one of the chief African products. Palm oil and earth nuts are products that are easily gathered and do not require much cultivation, but the market for these is lim-

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ited and can easily be satisfied by utilizing only a comparatively small portion of the African resources of this kind. Mining in the tropical zone of Africa has not yet been developed on a large scale. The existence of important ore deposits is, however, certain, and as the mines of South Africa become exhausted more and more, there will be a greater pressure toward the interior of Africa. But the greatest hope of Africa lies in the establishment of plantations and the instruction of the natives in methods of productive agriculture. These are not only important for the preservation of the natural wealth of Africa, but they will increase the list of African exports by adding everything that the tropical regions can produce for the use of the more temperate zones.

In discussing African commerce it should be remembered that the European occupation of tropical Africa is of very recent date and has thus far not had a deep influence upon the life and customs of the people. Spheres of interest were carved out without much regard to local conditions and were given entirely arbitrary and artificial boundary lines. Thus West Africa has been divided up into a number of colonies whose boundaries divide the older kingdoms and trade regions into artificial territorial units without historic traditions or well rounded economic interests. As long as freedom of trade and liberty of intercourse is maintained the disadvantages of such artificial divisions are not excessive. But should the various nations decide to enforce a sys-

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tem of commercial exclusiveness in their respective spheres the entire internal trade of Africa would be deranged and trade routes would have to be built up anew. Such a policy would also call for a heavy expenditure for police purposes in order to prevent smuggling and other breaches of the laws of commerce—an expenditure which the present volume of African trade would hardly warrant. Moreover, any nation which would take the initiative in the adoption of the exclusive policy would drive from its ports the trade of the interior regions, to seek new routes in colonies where a more liberal régime obtains. As France has come into possession of the entire hinterland of West Africa she is, on the whole, in a more advantageous position for enforcing an exclusive commercial policy; she can control the trade from the interior so as to direct it towards her own ports. But for Great Britain to adopt an exclusive policy in West Africa would be the greatest folly, because her trade is so largely dependent upon maintaining the routes which now lead from the interior of Africa through the British colonies to the coast.

In British West Africa the import trade, especially in cotton, is very largely in British hands; the British houses, established first, continue to hold the commercial supremacy.¹ Still the gen-

¹ Thus in 1903 Great Britain had 73 per cent. of the import trade in Sierra Leone and the Gold Coast; while taking 60 per cent. of the exports of the latter, and only 30 per cent. of the former colony. The total British imports into British West Africa in 1903 amounted to £2,079,000, while the United Kingdom took only £936,000 of the exports.

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eral economic progress in the British colonies does not compare favorably with that in the adjoining French possessions. For, while in the Gold Coast imports increased from £900,000 in 1897 to £2,082,000 in 1903, during the same time exports have averaged only about £870,000, a condition which can of course not continue long. The trade of Lagos has been injured on account of the levying of transit dues, which fall on the trade from and to French Dahomey and tend to drive the interior commerce from the Lagos ports. An attempt by legislation to draw all of the products of British West Africa to Great Britain would not be successful, as even now there is no British demand for a large share of the West African staples, which are forced to seek a market elsewhere. This is true especially with respect to palm products. Thus in 1901 British purchasers required only one-fourth of the palm kernels exported from British West Africa and Nigeria; the rest was used in the manufacture of oils on the Continent. In Nigeria Great Britain has an almost complete monopoly of the import trade (80 per cent.), a fact due to the splendid organization of the Royal Niger Company, which displaced practically all foreign companies engaged in trade along the Niger River.

The trade of the West Indies is peculiar in that almost the entire food supply is imported from the United States; the produce of the islands, sugar and fruit, is also exported chiefly to that

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country. The economic life of the West Indies will always be dependent on the United States, and the movement to create better communications between Canada and Great Britain, and the West Indies, cannot seriously affect this natural condition. The recently subsidized steamship line, which receives annually £40,000 from the government and which is to build up a trade in fruit to Great Britain, carried during the year 1903 fruit valued at only about £243,000. The greatest difficulty of these colonies lies in the fact that they have adhered too long to a system of mono-culture, varied only in some islands by the introduction of cacao and coffee; and that to a lack of adequate facilities of communication there are added tariff barriers between the individual colonies themselves. It would seem that the commerce of the West Indian colonies would be benefited far more by complete commercial liberty than by the imposition of greater restrictions than exist at the present time.

French Colonial Commerce.—Notwithstanding the great extent of the French colonial empire and the enormous cost to the mother country, the external commerce of the colonies is still very small when compared with the dependencies of Great Britain. The total external commerce of the French colonies (including Algeria and Tunis) with all countries, according to the most recent figures, was 1,582 million francs, or about as much as the commercial movement of the Straits Settlements alone, and not one-third as

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large as the external trade of India. Of the amount given above, the commerce of the colonies with France constituted almost two-thirds, or 985 million francs; while the commerce of the United Kingdom with India alone amounted to 1670 million francs. By far the largest share of the above commerce is credited to Algeria (633 million francs, of which 526 million francs is French commerce). The total imports of Algeria from France in 1903 amounted to 289 million francs, a sum which is equal to about 5 per cent. on the total outlay of the French government to date in behalf of Algeria. If we take the profit on export trade to be about 20 per cent., the actual return received by the French nation in this case in the way of commerce is 1 per cent. on the capital invested. The entire external commerce of the French colonies, outside of Tunis and Algeria, is at present about 200 million francs less than that of Egypt alone.

There are numerous reasons for this comparatively slow development of French colonial commerce. The French colonies are overburdened with officials and with administrative organization. The expense involved is itself a drawback, but an even greater disadvantage to colonial enterprise is found in the fact that a career in the public administration is far more attractive than the arduous work of private business, and that consequently the clerical employees and agents of commercial houses have no greater desire than to transfer their services to the government.

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With the general disinclination of Frenchmen to leave the agreeable life of their French home, this premium on official service works as a great impediment against securing a reliable and permanent supply of commercial agents. French capital has on the whole been backward in entering colonial enterprise; there are few large business houses, and the men who seek their fortune in the colonies are usually without sufficient capital backing. The fine personal material furnished to the British possessions in the "younger sons" is lacking in the colonies of France. Commercial development is further impeded by the absence of banking and credit facilities, as the few large public banks established at present, such as the bank of Indo-China, do not give much attention to commercial affairs; and in some colonies the existence of a fluctuating currency has proved disadvantageous. But the most prominent cause of the backwardness of French colonial commerce must be sought in the illiberal administrative system and in the régime of excessive protection which has been extended to most of the colonies. By attempting to establish a monopoly of commerce in favor of the mother country in such colonies as Madagascar and Indo-China, France has indeed succeeded in securing for herself the bulk of the actual commerce of these dependencies, but she has at the same time seriously handicapped their economic development and it is almost certain that her absolute share in their commerce would actually be larger under a more

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liberal policy. French manufacturers, made sure of a market and of high prices, exert no energy to develop colonial commerce. They do not adapt their manufactures to the needs of local populations, nor do they realize the advantages that might be gained by making such towns as Saigon or Hanoi entrepôts for general Oriental trade. On account of the high customs duties, all transit trade is discouraged, and commerce is confined to the local population, who are given few economic opportunities that would enable them to become better customers. Matters are not helped by the administrative system; the importing merchant is obliged to go through endless formalities to get his goods entered, and special caution-moneys are exacted at every turn. Meanwhile officials frequently engage in commerce *sub rosa*, and by the special favors which their position enables them to obtain, they are given the opportunity of outdistancing rivals who carry on legitimate commerce.

Indo-China enjoys many natural advantages for commercial development. Adjoining the Chinese beehive and the kingdom of Siam, and looking out upon the prosperous Dutch possessions and the Philippine Islands, the geographical position of this dependency leaves little to be desired. The inhabitants are of a comparatively high degree of civilization, are apt in the arts, and though somewhat less energetic than the Chinese, have many of the good qualities of the latter. The country is rich in natural wealth, and

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its inhabitants have careful agricultural methods. Under these conditions, a rapid economic development might naturally be expected, under a proper administration. And, indeed, there has been in the last decade a considerable increase of foreign commerce; the total for imports and exports has risen from 162 million francs in 1893 to 324 million in 1903; it has therefore exactly doubled in ten years.¹ This increase is in large part due to the heavy importation of construction material for the railways now being built; and the last figure attained is, after all, very moderate when compared with the commerce of other colonies, being less than the commerce of Natal or Ceylon, which latter colony has a population only one-sixth as large as Indo-China. The imports from France have increased very rapidly in the six years between 1897 and 1903, rising from 35.7 million francs to 94.2 millions; while the exports to France increased in the same period from 16 million to 19.8 million francs. In 1897 France furnished 40 per cent. of the Indo-Chinese imports and took 14 per cent. of the exports; in 1903, the percentages had risen to 46 and 16.5 per cent. respectively.

The principal staple of export from Indo-China is rice, as the colony is practically a country of mono-culture; the largest part of this product is

¹ The returns are, however, not thoroughly reliable, as the exports from each separate colony are counted in, and produce exported from Annam by way of Saigon would be counted twice, as export of the former colony and also of Cochin-China.

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shipped to China, which takes twice as much as France. Large quantities of rice have also recently been sold to the Philippine Islands. The total export of rice in 1901 was valued at 110,000,000 francs. The principal imports of Indo-China are cotton textiles—in 1902 valued at 32,500,000 francs as against 16,750,000 francs in 1890—and iron manufactures—in 1892, 3,762,000 francs and in 1901, 25,792,000 francs; other imports are metals, thread, coal, tea, wood, and sugar. The following table which shows the imports of cotton goods (in kilogr. tons), is very instructive:

	From France.	From Foreign Countries.	Total.
1893.....	1,536 tons	2,704 tons	4,240 tons
1896.....	2,059 tons	1,090 tons	3,149 tons
1898.....	3,170 tons	551 tons	3,721 tons
1900.....	2,614 tons	230 tons	2,844 tons
1902.....	2,257 tons	42 tons	2,299 tons
1903.....	1,410 tons	33 tons	1,445 tons

This table shows that while the average importation of cotton goods from France has more than doubled, that from foreign countries has practically been extinguished. The significant fact, moreover, is that the total has fallen from 4,240 to 1,445 tons in ten years, as only the better grades are now imported.

The commerce of Madagascar increased with great rapidity after the conquest had been accomplished; yet the figures of the total external trade are still very small, when we consider the size and the favorable geographical position of the island. In the last four or five years the total of external trade has fluctuated in the neighbor-

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hood of 50 to 55 million francs. This sum is very disappointing when we consider that it is only slightly over half that of the small island of Mauritius, with its 705 square miles and its population of 378,000 inhabitants. The extent to which France has succeeded in monopolizing the commerce of Madagascar is shown by the fact that while in 1895 she furnished only 28 per cent. of the imports, in 1901 her share had risen to 61 and in 1903 to 84 per cent. French commerce is therefore rapidly approaching the state of a complete monopoly in Madagascar, with the unfortunate result that the economic development of the colony, aside from works undertaken and carried out directly by the government, is retarded through the absence of an energetic and enterprising body of merchants and industrialists.

In the free trade colonies of French West Africa, French commerce naturally does not hold the same relative position that it occupies in Madagascar and in Indo-China. Senegal, where a slight differential advantage is given to French imports is the one exception, as French commerce here constitutes 60 per cent. of the total. The percentage in the other colonies is as follows: Guinea, 27 per cent.; Ivory Coast, 27 per cent.; Dahomey, 26 per cent. The total exports of France to West Africa in 1902 were valued at 35,800,000 francs, or 40 per cent., out of a total of 90,000,000. British and German commercial houses established in the French colonies have obtained much of the trade, although they are not

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represented in the official chambers of commerce, which wield the political influence. Much dissatisfaction is expressed in France with the fact that a larger share of West African commerce has not as yet been obtained for France. French trade, however, has been steadily increasing, and as in these colonies the French merchants have to meet the competition of the merchants of other countries, this progress may be taken as an indication of real strength. When the great public works which are now being constructed shall have been completed, French trade will be in a position to develop a firm hold upon these colonies without recourse to any system of artificial restriction.

What has already been said of the British West African colonies applies with equal force to those of France and Germany; and although the position of France seems more favorable than that of the other two powers, each would find it difficult to enforce a policy of commercial exclusiveness in these possessions. Moreover, the general condition of economic life in these colonies of France is certainly prosperous enough and bears testimony to the stimulating effect of a system of free intercourse. In fact, the colonies of French West Africa compare very favorably with those of Great Britain, being governed with more intelligence and exhibiting many marks of real progress in economic and social life. The French have here abandoned the traditional vices of their colonial policy, and have addressed themselves with

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great wisdom and tact to the solution of local problems upon the basis of local conditions rather than upon general theories.

Algeria is entirely under the metropolitan tariff system and very few foreign goods are imported, France enjoying an almost complete monopoly of trade. Algeria takes more goods of the mother country than all the other French dependencies put together. In 1903, for instance, French exports to Algeria amounted to 289 million francs, while to all other colonies (including Tunis) 263 million francs of French goods were exported. Algerian external trade has risen rapidly, having increased from 65 million francs in 1850 to 550 million francs in 1890, and standing at the present time at about 633 millions. The figures for 1903 are as follows: Imports, 345,000,000 francs; from France, 289,000,000 francs, or 84 per cent.; exports, 287,000,000 francs; to France, 237,000,000 francs, or 83 per cent. It cannot, however, be doubted that the development of Algeria under a system of fewer restrictions would have been even more rapid, considering the exceedingly favorable position of that country for entering into general commercial relations with European countries. Although the restrictions upon Tunisian commerce are not so severe, French trade, on account of the preference given it, enjoys a decided primacy, as the following figures show (for 1903): Imports, 83,000,000 francs; from France, 46,000,000 francs, or 55 per cent.; exports,

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71,000,000 francs; to France, 41,800,000 francs, or 59 per cent.

That the merchants in the colonies do not always appreciate the French policy of commercial exclusiveness is shown by the protest made on the part of the commercial "syndicate" of Djibouti in French Somaliland. This chamber of commerce declared that the interests of the port, in its commercial relations with Abyssinia, were menaced by the imposition of a high tariff, before the Abyssinian railway had progressed sufficiently to offer adequate facilities and favorable rates of transportation. The syndicate demanded the suspension of the tariff for the following specific reasons: first, the necessity of a struggle against cheap transportation via Zeylah in British Somaliland; second, the advisability of allowing the commercial current via Djibouti to become permanently established, without hindrance through taxation; third, the fact that the budget of the colony would not profit by high duties, since taxable goods would pass by way of Zeylah instead of going through French territory. The considerations here brought out apply equally to all French colonies in Africa, with the possible exception of Algeria and Tunis. Where the commerce with the interior remains to be built up it is of primary importance that the coast towns should be free from all artificial restrictions on trade and thus be able to offer the greatest attractions to commerce from the interior regions.¹

¹ The port of Kwangchau-wan in Southern China, which the

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German Colonial Commerce.—The commerce of Germany with new countries has developed very fast in recent years. Its greatest strength is however found, not in the German colonies, but in countries like Brazil and Argentina, and in some of the dependencies of Great Britain. The merchants of Germany pay comparatively little attention to political matters; they seek the most profitable markets regardless of nationality, and their enterprising methods, as well as their readiness to adapt their products to local needs, have opened to them great commercial opportunities.

The commerce of Germany with Africa in 1903 amounted to 312 million marks; the exports of Germany to Africa being 115 millions, the imports from Africa, 197 millions. Of this amount Egypt and British South Africa furnish the largest single items. The trade with the German colonies is still insignificant. As these colonies are under a free trade régime the German merchants have no advantage over any other nationality; nevertheless they have secured the leading share in the import trade (in 1902 about 46 per cent.). The total of the external commerce of German East Africa has practically been stationary since 1897; the trade with Germany has even decreased since 1900, the main current of trade, as is natural, set-

French "leased" in 1898, has thus far enjoyed free trade. Governor Doumer has expressed the hope that the "absence of customs duties and the entire liberty allowed to ships of commerce will tend to make it soon one of the principal entrepôts of the Far East." General Gallieni has recently given his opinion that the exclusive tariff policy retards the development of colonies.

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ting toward Zanzibar. The fiscal deficit met by the German Empire is in the case of this colony over twice as large as the total amount of German imports.

The external commerce of Kamerun shows a more rapid development; from 9,000,000 marks in 1896 it has increased to 16,500,000 marks in 1903. The commercial houses in Kamerun have conducted an energetic campaign against the native middle-men, whose methods of trade are deceitful and not to the advantage of either the Europeans or the negroes of the interior. The European merchants have extended their system of factories into the hinterland, where negro agents are employed, and European commerce is thus gradually rendering itself independent of the old native trade organization. On the whole, German colonial trade does not show an increase commensurate to the expenditure incurred by the government. This is due partly to the fact that the colonies in question are difficult of development, and have no especial advantage of situation.

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CHAPTER VI

TRANSPORTATION

The limits within which tropical commerce can profitably be expanded are confined to the area of cheap and rapid communication. The coast regions, which are tributary to foreign commerce, have already become poor in some of the most valuable natural products of the tropics and the natives do not of their own accord readily adopt new methods of raising produce for export. In order that commerce in the tropics may increase at all commensurately with the expectations of the colonizing powers it will be necessary first of all to create a more perfect system of communications. We have already seen that the movement of colonial expansion is due in large part to the improved methods of transportation and that the very existence of a colonial empire depends upon the rapid movement of intelligence, goods and persons. It has also been indicated that any transformation of the native societies in Africa toward greater social efficiency must be based upon improved means of communication, which will not only render the interior regions more accessible to the goods and methods of the Western nations, but will destroy the cruel and iniquitous slavery of the carrier system.

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Transportation in India.—The development of the system of internal communications in India is the most indisputable achievement of British administration; of the Indian railways, canals, and roads, the government is most justly proud, and their general excellence is recognized even by the most captious among native and foreign critics. According to the latest statistics, there are in India 170,000 miles of highways, which are maintained by the public. The principal highways are under the administration of the Public Works Department, while the local roads are cared for by the local committees under the supervision of the district officer. The most celebrated road of India, the Grand Trunk Road, the picturesque life on which has been so vividly described by Kipling, was begun by the Afghan emperors and finished under the administration of Lord Bentinck. This road leads from Calcutta through the provinces of Bengal and Agra to the northwest frontier. Other important roads have been constructed over the western Ghats, or mountain barriers, in Bombay. The work of improving the public roads is still assiduously pursued by the government, although compared with the railways the main roads have lost in importance.

When railway building was commenced in India, in 1850, economic thought and practice was dominated by the *laissez-faire* school. It was therefore deemed advisable to turn over the business of railway construction and operation to pri-

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vate companies. But as it was found impossible to enlist private capital in these enterprises without offering special inducements, the following conditions were made the basis of contracts between the government and the railway companies. The government granted the land necessary for the purposes of the railway and guaranteed five per cent. interest upon the capital invested. In return, the mail was to be carried free of charge, and troops and stores under a special tariff. The government also reserved the right to control the method of construction and to fix the maximum of railway rates. The surplus profits were to be divided equally between the government and the company. After a term of twenty-five, and again after fifty years, the government was to have the option of purchasing the respective railway, which after the lapse of ninety-nine years was to revert in any event to the state.

As the companies did not succeed in making any profits, the interest guarantee weighed heavily upon the government, and in 1864 the system of making guarantee contracts was abandoned. For a short time the mile subsidy system was tried but this, too, proved unsatisfactory, and in 1870 the government began to construct its own lines, using for this purpose the surplus revenue as well as borrowed funds. It was decided to use a more economical system of construction. The gauge was reduced to a meter and in some cases to even less, notwithstanding the fact that the new lines often connected with the broad

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gauge lines (5 feet 6 inches) already built. The guarantee companies had of course occupied the main routes and left to the government only the more subsidiary lines to construct. Nevertheless the government railways secured a considerable amount of traffic and were, on the whole, successful.

The Famine Commission of 1878 proposed the construction of 20,000 miles of railway, in addition to the 10,000 then already in existence. Most of the authoritative writers of that period, as well as the Indian Chambers of Commerce, favored government ownership and operation. Private railways had become unpopular because, being managed at long range from England, they had not successfully been adapted to the special needs of the country. The interest guarantee gave the companies too great a feeling of security, so that they did not take any pains to extend better facilities to the public or properly to improve their systems. The advocates of government ownership urged, however, at the same time that the administration should be decentralized so as to take the burden from the Indian government and distribute it among the provincial administrations. The latter suggestion was not followed out and consequently the government was again obliged to take recourse to private assistance, as it found the effort of administering a large railway system too heavy. After 1881, concessions were again granted to private companies. At this time the government decided

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in the future to divide railways into three classes: first, the military lines rendered necessary by the exigencies of frontier defense; second, famine relief lines intended to open up the regions subject to famines in order to make them more accessible to food supplies and to general economic development; third, commercial lines, which would pass through territory wealthy enough to render their construction a remunerative undertaking. It was decided that the former two classes should be constructed by the state, while the third might be turned over to private entrepreneurs. Companies were also formed at this time for the purpose of operating some of the state lines. The following arrangement was adopted. The state makes an interest guarantee of three and a half per cent.; in return it takes three-fourths of the net profits after payment of the interest. The government owns the lines and the contract with the company is terminable after twenty-five years, or at terms of ten years thereafter. The contract with the Indian Midland Company is the chief example of this class. Wherever railways are constructed by companies the technical standards are strictly laid down by the government, and all companies operating for the government are subject to a rigorous bi-annual inspection. Most of the guaranteed railways have become the property of the government by purchase. The East Indian Railway was purchased in 1871, the Eastern Bengal in 1884, the Southern Indian Railway in 1891. The

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second of these is now operated by the state and the other two by concession companies.

The rise in the value of the rupee, which makes it easier to pay the interest on the foreign railway debt and the increased earnings of the railways, have finally brought about the satisfactory situation that the Indian government actually derives a net income from the railways. In 1899 there was still a deficit of 4,600,000 rupees. In 1900 the state first received a net gain of 872,000 rupees, which rose in 1903 to the very acceptable sum of 13,361,000 rupees. The Indian railways are therefore no longer a burden upon the taxpayer. They not only pay the guaranteed interest upon the capital invested but are beginning to afford a handsome surplus to the public treasury.

On account of the dense population of India and the large volume of personal and goods traffic, the Indian railways are enabled to operate with very low tariffs, the lowest, in fact, in any colonial dependency. The average rate charged per passenger per mile varies from one-third of a cent in the third class to slightly over 2 cents in the first class. The carriages though light are commodious. Third class carriages are used exclusively by the natives; they accommodate a maximum of sixty persons, which in the hot season is reduced to forty-eight. The low rate of fare in this class enables the natives to indulge their proclivity to travel to a liberal extent. How freely they make use of the opportunity is apparent from the fact that in the year 1903, 184,000,000

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passengers were carried in the third class, with a total of 210,000,000 for all classes. The goods tariff is as follows: the lowest rate is that on food and minerals. It is $2\frac{1}{2}$ pies (five-twelfths cent) per ton mile. All other goods are divided into five classes, paying from 9 to 32 pies ($1\frac{1}{2}$ to 5 and one-third cents) per ton mile.¹ The classes of goods of which the largest amounts were transported in 1902 were coal, food grains, oils, sugar, and salt. The total transportation of goods was 45,500,000 tons.² In 1904, 27,140 miles of railway were open to traffic, and 3,122 miles were under construction.

In Indo-China railway building has been the particular interest of the administration since the loan of 200,000,000 francs was authorized by the French government in 1898. Tongking is the chief seat of this activity, and three lines branching out from Hanoi have been completed for a short distance.³ It is already apparent, however, that the cost of the railways planned will be far higher than anticipated, and that the loan of 200,000,000 francs will not prove sufficient for the

¹ An expert railway commissioner recently reported the freight rates as being 80 per cent. too high for the country in its present stage of development.

² The higher officials of the Indian railways are Europeans, but the great mass of employees is composed of Eurasians and natives. The figures in 1903 were as follows:

Europeans	6,022
Eurasians	8,661
Natives	387,566

Total 402,249

³ The total length of the railways opened in 1903 was 239 miles.

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purposes of the government as at present outlined. The government of Indo-China has perhaps been somewhat too optimistic with respect to the results to be obtained by railway building in a new colony. Indo-China is essentially a land of mono-culture; only a limited demand for railway transportation at a long distance from the coast exists. It cannot be assumed that the railway would immediately create the variety and strength of industrial life necessary for its support. The country is far less densely populated than India and far less highly developed in an industrial way. It is therefore likely that the railways of Indo-China if pushed far into the interior will for a long time remain a burden upon the colonial budget. The inspiring goal of the Indo-China railway policy has, however, been not so much the development of the interior parts of the colony, as the conquest of Chinese trade routes in behalf of France. The realization of this purpose must remain very doubtful as long as an illiberal tariff policy continues to be imposed upon the colony.

The government of the Philippine Islands has from the first emphasized the importance of good communications, although thus far little only has actually been accomplished. The very first law enacted by the Philippine Commission appropriated \$2,000,000 to be used in the construction and repair of highways and bridges in the islands. The duty of constructing and repairing highways has been placed upon the provincial governments

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and the municipalities. Section 10 of the act organizing provincial governments (Act 83) provides that "the provincial supervisor shall have supervision over the construction, repairing, and maintenance of the roads, bridges, and ferries of the provinces, except those within the inhabited portions of the pueblos and barrios thereof." By agreement with the president of the municipality the supervisor fixes the territory within which the municipality is to be held responsible for the roads. The provincial board is empowered to order the construction and maintenance of roads and bridges within the territory under its control. Individual provinces have been assisted from time to time by grants from the Insular Treasury for the purpose of constructing works of communication, and a government highway has been built connecting Manila with the highlands of Benguet. It is generally recognized that for some time little efficient work can be expected of the local units in the matter of road building. In order to enable the Commission to carry out improvements in communication on a comprehensive plan, it has just been empowered by Congress (1905) to take up a loan of five million dollars.

Under concession from the Spanish government, the Manila Railway Company constructed, and is now operating, a railway connecting Manila with Dagupan. In December, 1902, the Philippine Commission granted a franchise to the same company for the construction of a branch

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line into the province of Nueva Ecija (Act No. 554). This grant is interesting as the first of its kind made by the Commission. It provides definitely for the general technical details of construction, such as gauge and structure of the embankment; the company is conceded the right to have patented to itself such public lands as may be necessary for the line, and is granted an absolute tax exemption for the period of twenty years; the tariffs must be approved by governmental authority; the concession company is required to deposit with the Insular Treasurer three hundred dollars for every kilometer of the line as a guarantee of the fulfillment of its part of the agreement. The Philippine Commission has also employed engineering experts to make a reconnaissance survey for a system of trunk lines in the island of Luzon. The Commission is in favor of having these railways constructed by private companies, but considers it necessary, in order to invite investment, to have the government guarantee an income of 4 per cent. on the capital employed; in the report of the Commission it was stated that this form of assistance is preferred by it to land grants and other forms of government subsidy. The United States government accordingly in 1905 authorized the Philippine Commission to guarantee the interest on thirty million dollars of capital stock of companies constructing and operating railways in the Philippine Islands. The rate of interest is not to exceed four per cent.; the guarantee is to be ef-

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fective only in so far as the income of the companies may be insufficient to meet the interest charge; and all sums advanced by the government are to constitute a lien upon the property of the railway companies.¹

Railways in Africa.—Algeria has 3,030 kilometers of railways in operation, all constructed by private companies and favored on the part of the French government with an interest guarantee which is in some cases as high as 6 per cent. France at present pays 20,000,000 francs annually in the form of Algerian railway guarantees, and the total sum due the state in 1903, for interest advanced up to that time to the railways, was 600,000,000 francs. Totally aside from the heavy cost to the state, the results of the system have by no means been satisfactory. The railway companies have been extravagant in their expenditure and have not introduced such reasonable reductions in their tariff and such improvements of the service as the colony is fairly entitled to.

The railways of tropical Africa can be understood only when viewed as a part of the system of river transportation. Great expectations were originally connected with the African rivers as highways of trade, but they have been very largely disappointed. Most of the rivers are so dependent on the rainfall that in the dry season

¹ The following conditions have been laid down by the Commission: 1,233 miles of railway are to be constructed; gauge, 3 feet, 6 inches, in mountain sections, 2 feet; 100 feet right of way; tax exemption, except $\frac{1}{2}$ per cent. of gross earnings; construction to be completed in five years; preference to Filipino labor. More mileage will be authorized later.

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they become utterly unfit for commercial navigation. Moreover, as they pass from the interior plateau of Africa on their way to the sea, all of these rivers have a long series of cataracts which interrupt the course of navigation and render the current turbulent and unsafe. The necessity for transshipment and portage which these falls impose upon navigation increases the cost of carriage to such an extent as to make it prohibitive if long distances are involved. The only rivers which constitute commercially satisfactory waterways are the Niger; the Congo between Stanley Pool and Stanley Falls, as well as in its upper course above the Falls; and the Nile below the first cataract and from Lado to Khartum. The Zambesi, though a magnificent stream, is interrupted by a series of great cataracts, and like the Senegal is difficult of navigation in the dry season.¹ But although the African rivers have thus failed to make good the earlier and optimistic theory as to their commercial future, they nevertheless indicate the broad lines of communication and constitute the determining factors in railway construction. For, with the exception of the Uganda railway and the railways of Rhodesia, the more important African railways thus far have served principally as links in river navigation, conveying overland the goods and passengers brought down from the interior on the rivers.²

¹ Above the Victoria Falls there is a navigable stretch of over 400 miles.

² Thus the railway of Senegal connects St. Louis, the end of

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There have been under discussion for tropical Africa three great railway schemes, which would constitute main trunk lines independent of waterways. These are the Cape to Cairo railway, the Trans-Saharan, and the Porto-Alexandre-Ottavi-Pretoria line, which is to pass from Angola through German Southwest Africa and Bechuanaland to the Transvaal. The first enthusiasm about these bold conceptions has now evaporated and in the light of cool commercial analysis the world has come to regard them, with the possible exception of the last, only as schemes that have had their day in stirring the popular imagination and that cannot for the present be regarded as practical undertakings. The Ottavi line has some chance of realization, because it would reduce the distance from London to the Trans-

the river navigation, with Dakar, the principal French port in West Africa. The Sudanese railway connects Kayes at the head of the Senegal navigation with Kulikoro on the Niger. The commercial route from Timbuctoo to the sea thus lies up the Niger to Kulikoro, thence by rail to Kayes, thence down the Senegal river to St. Louis, thence by the coast railway to Dakar. The entire distance is about 2,350 kilometres, of which the railway covers about 830. The railway of Dahomey will take for its objective point in the interior some town on the middle course of the Niger. In Nigeria the railway which has already partly been constructed from Lagos as a starting point will be pushed as far as Rabba on the Niger. This railway will constitute a shorter commercial line of transit to the sea than does the all-river route. The Congo Railway connects Boma with Stanley Pool, flanks the Congo cataracts, and carries to the sea all the trade that is brought down the Congo and its tributaries to Stanley Pool. The Shire Highlands railway in British Central Africa forms a link in the Shire river navigation, and even the long railway which is planned from Stanley Falls to Lake Albert will owe its importance to its position as a connecting link between the Congo and the Nile systems.

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vaal by 1,200 miles. Moreover, it would pass through a country rich in minerals, so that a good deal of way traffic could be counted on. At present the German government opposes the construction of this line, as it would drain the produce of the German colony to a foreign port; but should Germany succeed in acquiring Porto Alexandre, the construction of the railway would undoubtedly be undertaken.

The Trans-Saharan railway, which has enlisted so much enthusiasm in France, could not be commercially successful, because the very lowest freight tariff which could be framed, considering the cost of such a railway, would on account of the great distance still be prohibitive upon bulky goods shipped from the Sudan. As such a railway would have to pass for about one thousand miles through an absolute desert it would encounter the most serious technical difficulties in the problem of keeping the tracks from being buried in the sand. More fatal even than this is the fact that the line would be dependent entirely upon transit trade from and to the Sudan, which already has far easier and cheaper outlets to the west coast of Africa.¹ It is urged that the French state can afford to support this railway on account of its military character, as it

¹ How ready its defenders are to clutch at the last straw is shown by the suggestion that it would be an excellent plan to have a Mohammedan miracle happen somewhere along the railway in the desert, in order that a second Mecca might arise to attract its quota of the thousands of Mohammedan pilgrims who are now spending their good money in being transported to Arabia in the ships of other nations.

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would bind together the principal parts of the French empire in Africa. As a matter of fact the Algerian line to Figig, of which the Trans-Saharan would be a continuation, itself bears a distinctly military character, as may be seen from the manner in which it hugs the boundary of Morocco. Still it admits of no doubt that the military advantages to be gained are not sufficient to warrant such a vast and costly undertaking, for, after all, the colonies will have to be defended primarily upon the sea.

Though perhaps less chimerical than the favorite French scheme, the plan to build a railway across the continent from north to south does not at present invite much confidence. The Rhodesian coterie used the cry "from Cape to Cairo" with great effect in order to arouse interest and to secure funds for their railway plans in South Africa; but from the Zambesi to Khartum for a distance of three thousand miles the country is not such as to invite railway building on a vast scale. Even the Sudanese railway from Wady Halfa would hardly have been built had it not been for strategetical needs; and south of Khartum nearly to Lake Albert, the Nile furnishes sufficient means of transportation for the present. Farther south still, the chain of the Central African lakes and the tributaries of the Congo afford ample facilities for local trade. The Cape to Cairo railway, therefore, encounters a difficulty similar to that of the Trans-Saharan. It would be too long for a profitable transit trade, and the

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land through which it passes is either too poor or is fairly well provided with waterways, so as not to furnish a sufficient amount of way traffic for such a large undertaking. The tendency at the present time is to abandon such schemes as these and to confine railway development to shorter lines which work in connection with waterways or which tap a region of unquestioned natural wealth. But though it is very unlikely that there will be in the near future an all-rail route from Cairo to the Cape, the Rhodesian railway will probably be pushed as far north as Lake Tanganyika, and the chain of African lakes may be connected by shorter railways without encountering serious engineering difficulties. An alternative route is to be afforded by using the Belgian railroads and waterways in the Congo Free State. So that we may look for the establishment of rail and water communication between Cairo and Cape Town within the next decade.

The French have been very vigorous railway builders in their West African colonies. The railways here constructed and projected all bear a direct relation to the river routes of the Senegal and of the Niger and its tributaries. The first railway constructed was the coast line connecting St. Louis with Dakar. St. Louis though at the mouth of the Senegal river and at the foot of the river navigation lacks a good sea harbor and it was therefore necessary to connect it with the port of Dakar. The railway, aside from providing a through route, has also fostered local agri-

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cultural development, especially the cultivation of peanuts by the natives, the exportation of which has risen from 10,000 tons in 1886 to 150,000 tons in 1902.

The French colonial empire in West Africa is admirably situated with respect to outlets to the sea and each one of the colonies—French Guinea, Ivory Coast, and Dahomey—is constructing a railway from its principal seaport to the river system of the interior. The railway in French Guinea will connect the port of Konakry with Kurussa on the upper Niger, a distance of nearly 700 kilometers. In the Ivory Coast Colony there is being constructed a railway connecting Bassam with Kong (about 550 kilometers), the principal trading center in the western Sudan. The colony of Dahomey, a narrow strip of land affording an outlet to the sea from the central Sudan, is constructing a railway inland, which it is planned will ultimately extend to Karimana on the Niger. As Karimana is situated near the point where the river enters British Nigeria, this railway is expected to divert the trade of the middle Niger from the British colony and carry it to the sea entirely through French territory. It would indeed constitute by far the shortest route from the middle Niger to the coast.

The most remunerative railway enterprise in Africa is the line between Matadi and Stanley Pool, in the Congo Free State. This railway, 400 kilometers in length, connects the long reach of navigable stream above the Pool with the lower

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course of the river near the sea, circumventing the insurmountable obstacles to navigation in the adjacent portion of the river. Even without the exploitation policy of the Congo State this line should have been a paying venture, as all the products which are brought down the Congo and its tributaries are gathered up and poured through it towards the seaports; but the peculiar policy of the government has enabled the railway company to realize unexampled returns, its net income having attained the remarkable figure of 8,000,000 francs for a single year. The Congo Free State government has also granted to a company in which it is itself interested, the right to construct a line connecting Stanley Falls with Albert Nyanza and thus forming a link between the Congo navigation and the Central African Lakes. This railway, remote from the coast and unsupported, as it is, by a developed plantation industry, can be made to pay only by following the same reckless exploitative policy with respect to the natural wealth of this region which has characterized the activities of the state in other parts of its domain. When this railway is completed, there will be lacking railway communication only between Lakes Victoria and Albert, in order to create a complete transcontinental rail and river route between Mombasa in Br. East Africa and Banana on the Atlantic coast; this route will utilize the Uganda railway to the great lakes, and the Upper Congo railway to Stanley Falls, whence a regular service by river and rail

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is already established to the mouth of the Congo.¹

The railways of Rhodesia are a part of the general South African railway system and were made possible partly on account of the promising character of the land, partly through the enthusiasm engendered for the Cape to Cairo route, of which the railway from Mafeking to Salisbury is to be a part. A cross line has been constructed from Buluwayo to the Wankie coal mines and to the Victoria Falls on the Zambesi River; and Salisbury is connected with the sea by means of the Beira railway which passes through Portuguese East Africa. The purpose of connecting the navigation of the lower Zambesi and the Shire River with Lake Nyassa will be subserved by the Shire Highlands railway, connecting Chiromo with Fort Johnston on the lake. Various projects are under discussion for connecting Lake Nyassa directly with the sea either by way of Portuguese territory with Port Amelia, or through German East Africa with the port of Kilwa. The scheme of a German East African railway which was to connect Lake Tanganyika with Dar-es-Salaam, has been abandoned on account of the absence of sufficient natural wealth and agricultural prospects in the regions beyond the coast belt.² A

¹ By connecting with the Nile navigation in the north and the Rhodesian railways in the south (in Katanga) the Congo transportation system will form the central link in a rail and river route from Cairo to the Cape.

² In 1904 a charter was granted to the East African Railway Co., and the German government agreed to guarantee a loan of 25 million marks to be issued by the company for constructing a railway from Dar-es-Salaam inland for about 150 miles.

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short railway has been constructed in German East Africa connecting Tanga with Mombo (about 120 kilometers); this line is to be extended so as to render accessible the highlands about Mt. Kilimanjaro, which are suitable for European settlement.

The most interesting railway in tropical Africa is the Uganda railway, connecting Lake Victoria with Mombasa, a distance of 583 miles. The economic incentives for the construction of this railway would scarcely have been strong enough had they not been seconded by strategical needs. When the danger to British control of the Upper Nile became apparent, the British government undertook the construction of this railway, which will enable it to bring soldiers from the east coast to the lake region and to the Upper Nile in a few days, while formerly months would have been necessary. The railway from Wady Halfa to Khartum is likewise the result of strategical necessity and is only secondarily an economic or commercial venture. When, however, the Suakim-Berber branch is completed, this railway will receive an added importance as a direct approach to the Red Sea and as the route for pilgrims from the Sudan to Mecca. In the French colony of Somaliland a railway is being constructed, starting from Djibuti, which is to be the main channel of Abyssinian commerce, with the French colony as the principal emporium.

Methods of Construction.—Formerly it was quite generally the practice to have railway con-

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struction in the colonies undertaken by the government, but in recent years private companies have more frequently been relied upon. The railways of Uganda and of the Egyptian Sudan were built by the state because it would have been difficult to induce a private company to undertake these expensive works and to execute them rapidly enough in view of the pressing political needs of the state.¹ The cost of the railway to Khartum was borne by the Egyptian treasury, that of the Uganda railway by Great Britain. The two existing German colonial railways, in South West Africa and in East Africa, were built by the government; but the railway at present projected in Kamerun is to be built by a concession company which has received a large public land grant, while the new East African railway company enjoys an interest guarantee. The railways in the British West African colonies are constructed by the colonies themselves, with the aid of contractors.² The same plan has been applied in Madagascar and in the French Sudan, and was formerly used in the colonies of French Guinea and the Ivory Coast. State construction, however, has not in general proved successful; thus the government of Madagascar, which has received so much praise for its progressive methods, was able to finish only a small portion of the line

¹ The cost of the Uganda railway was originally estimated at £2,240,000, but the actual cost was £5,317,000.

² The Rhodesian Company is practically identical with the British South Africa Company, as it represents the same political and industrial interests; and the railway may therefore be looked upon as a state line.

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from Tananarivo to the sea, with the funds allowed by the French government, and even the portion completed is severely criticised by experts. Both French and German colonies, therefore, have practically abandoned the policy of state construction, and Great Britain, too, in the latest colonial undertaking, the Shire railway, has made use of a concession company to which has been granted a transport monopoly along the Shire River for twenty-five years.

Construction by private companies is the method employed in the colonies of Senegal, French Guinea, the Ivory Coast, Dahomey in the Congo Free State, in Kamerun, and in British Central Africa. In the French colony of Dahomey and in the Congo Free State the colonial government constructs the railway embankment for the concession company, which then lays the tracks and completes and operates the railway. This arrangement with respect to the substructure is made because the government alone is able to induce the individual chiefs to furnish labor in the large masses required. The concession companies are either given a guarantee of interest, as in Senegal and German East Africa, or a concession of land as in the Congo Free State and Kamerun, or there is a combination of land grant and interest guarantee, as in the other French West African colonies. In case land grants are made it is deemed advisable that the land be given out in alternate tracts along the railway line, the government retaining control of half the land.

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This system, copied from the railway land grants of the United States, allows the colony to share in the rise of land values caused by railway development.

In order to appreciate the difficulties encountered in tropical railway construction, it is necessary to have some knowledge of the cost and technique of construction and of the tariffs adopted. The most essential information on these points is given in the annexed note.¹ As almost the entire economic machinery of Africa remains to be built up, the greatest caution is to be exercised in the matter of expenditure, and it is therefore universally held that the construction of African railways should be made as inexpensive as possible, consistent with fair service. The broader gauges have for this reason been abandoned and light material is employed. It

¹ The Indian railways vary in gauge from 2' to 5' 6". In Africa the narrowest gauge is that of the German South West Africa Railway (60 centimetres). Then follows the Congo Railway with 75 centimetres. All the French colonial railways in tropical Africa and Madagascar have a gauge of one metre. The British railways usually have a gauge of 3' 6", except that of Sierra Leone, which is 2' 6". It is difficult to secure reliable figures as to the cost of construction. Often the original estimates alone are recorded and these are of course, always exceeded by a large amount in practice. The Sierra Leone railway, which cost \$21,000 per mile, is said to be the cheapest in Africa. The railways in Lagos and the Gold Coast doubled the original estimates, the actual cost being given as \$70,000 and \$105,000 respectively per mile. The Uganda Railway cost \$47,000 per mile. The French railways were certainly considerably cheaper, although exact figures are not in all cases available. Thus the Guinea Railway cost \$25,000 a mile. The Algerian railways again were unnecessarily expensive. The Congo Railway cost \$51,000 per mile. The total average cost of Indian railways, including

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has been found that a gauge as narrow as seventy-five centimeters is sufficient to carry on the traffic on one of the greatest trade routes in Africa—the Congo railway—and it is generally acknowledged that it would be unwise to exceed the width of one meter. Most of the railways which have thus far been constructed have gone through the difficult territory of the coast regions, the rough character of which made the use of a narrow gauge specially advisable. On account of the tremendous rainfall in tropical countries the substructure has to be very solid, in order to avoid the need of constant and expensive repairs.

The suggestion has been made that instead of building railways, governments could do more equipment, is \$40,000 per mile. The freight rates for India have already been given. In Africa the rates are necessarily much higher. The following table gives the rates in the principal colonies per ton mile:

	<i>Lowest</i>		<i>Highest</i>
Senegal	2.5	cts.	2.5 cts.
French Sudan	1.4	cts.	40 cts.
Dahomey	6.5	cts.	50 cts.
Congo State	8.4	cts.	84 cts.
German South West			
Africa	5.5	cts.	16.5 cts.
German East Africa.	18	cts.	21 cts.
Gold Coast	24	cts.	60 cts.
Uganda	2	cts.	60 cts.
Rhodesia	4	cts.	12 cts.
British India	5-12	cts.	5 1-3 cts.

For purposes of comparison it will be interesting to note that on the route from the Zambesi to Lake Nyassa the following rates prevail (approximately per ton mile): By boat up river, 6 cts.; down river, 2½ cts.; land-porterage, 60 cts. On the route from Dar-es-Salaam to Lake Tanganyika the rate is reported as being about \$1.00 per ton mile. In Uganda it is much higher. In the above table of railway rates the highest rate usually applies to such products as ivory and rubber, in Africa.

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for the development of colonies by providing roads for automobile traffic. This idea led to the construction of the highway which passes from the east to the west coast of Madagascar by way of the capital, Tananarivo. The total cost of the undertaking was over 5,000,000 francs, and the colonial army was employed in its construction. But this Madagascan road is far from being solid enough to withstand the tropical rain torrents, and it would indeed involve a constant heavy expenditure to maintain such a highway in a proper state for automobile traffic. Where difficulties of mountainous territory have to be overcome, building a metalled road is generally more expensive than would be a narrow gauge railway. Splendid roads have, however, been constructed in the level coast regions of some of the African colonies, and the Selous road in Rhodesia is a justly famous achievement.¹ It is, of course, one of the first duties of a colonial government to provide good roads where the difficulties of the territory are not such as to make road-building and maintenance unduly expensive. A model system of macadamed roads has been constructed in the Malay Federated States, and Java has been provided with excellent highways, though in the case of the latter colony forced services have been extensively made use of for this purpose.

When we examine the freight tariffs which the

¹ The government of the Congo Free State has decided to build an automobile road of 1,000 kilometres in the interior of the colony.

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African railways have established and which are in many cases so low that they do not produce a net income, the limits within which railway development in Africa can be successfully undertaken will become clear. Only such valuable goods as rubber, ivory, and the less bulky plantation products, can support these rates for longer distances. Plantations become expensive as their distance from the seaports increases; and the carrying of freights, such as lumber, coal, and the base ores, to distant points would be an entirely unprofitable undertaking. The railways cannot of their own strength create the economic development of a colony; they can simply prepare the way for it and assist it. In an old country like India extensive lines can be operated at low rates, but even in a promising colony such as Algeria, development has been much retarded by not adapting the railways to the needs of the country and by discounting the future too much.

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CHAPTER VII

AGRICULTURAL AND INDUSTRIAL DEVELOPMENT

Experiment Stations.—An important means by which a colonial government may assist in the development of agricultural enterprises in the tropics is the establishment of experiment stations and botanical laboratories. The most complete system of this kind is the famous botanical garden of Buitenzorg in Java. This institution was founded in 1817 by Reinwardt. Its original purpose was the collection of Javanese plants and the carrying on of botanical investigations. As reorganized in 1868, it became an important center for scientific investigation and for practical experiments in tropical agriculture. It is the most completely organized scientific institution in the tropical world. In its eight divisions, each with a competent expert as director, it comprises the following institutions: a herbarium and museum, a botanical laboratory, an agricultural experiment station, a laboratory for agricultural chemistry, a laboratory of pharmacognosy, extensive botanical gardens, a library and photographic establishment, and a department of forestry and of tobacco culture. The activities of the agricultural experiment station consist of the

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adaptation of native plants to new environments, of attempts to acclimatize useful foreign plants, and of raising and distributing the seed of plants whose cultivation has proved successful. In connection with the government culture system this institution has been instrumental in introducing many new plants and forms of cultivation; in this manner the cinchona plant was acclimatized in Java and made a source of great profit to the colony.

In British India there exists a large number of experiment farms and botanical gardens, the principal of which is located at Seebpur in Bengal. The government stations have been especially useful in assisting the development of the tea culture in India. Tea grows wild in Assam, but it was only after long experiments by the stations and by the Assam Tea Company that its cultivation on a large scale became profitable. Cinchona was also introduced by the government in its plantations on the Nilgiri Hills in Southern India, and at Darjiling in Bengal. But while the Indian stations have thus far been successful in assisting in the introduction of new cultures, they have achieved less satisfactory results in transforming the methods of the native cultivators. The managers of the experiment farms are often gardeners rather than farmers, who try to introduce the methods of the European intensive agriculture—deep ploughing, subsoil drainage, manuring and rotation of crops—without such modifications as the conditions of India demand.

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The native cultivators, trained in the school of experience, do not readily change their methods. Moreover, they lack the means to employ the expensive processes of scientific agriculture. It must, however, be said that even a slight improvement, though it might not result in an increase of more than ten per cent. in the crops, would often mean the difference between famine and plenty to India. While it is therefore impracticable to aim at perfectly scientific agriculture in a country like India, the methods in use are nevertheless comparatively inefficient, and could with some intelligence easily be made to render a larger return. The mistake has often been made of locating the Indian farms at the chief station of a district regardless of agricultural conditions. In districts like Assam and Darjiling, where conditions are especially diversified, the experiments made at any particular station are evidently of limited applicability. It is therefore suggested that there should be in each district a series of similar gardens located in the various zones of local agricultural conditions, which might also do very valuable scientific work in a careful study of the local flora. The Indian experiment stations are not supplied with the comprehensive scientific apparatus, nor do they have the perfect organization found at Buitenzorg. Experiments made at these stations with great persistence to introduce American and other foreign cotton plants into India have thus far been unsuccessful.

The botanical garden at Perideniya, in Ceylon,

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is famous not only on account of the luxuriance of tropical vegetation which it exhibits but also for the part which it has played in the agricultural development of Ceylon. After 1824, the cultivation of coffee was introduced in the colony, with government assistance. When in 1874 coffee became unprofitable on account of the devastations of the hemileia, the planters were induced to turn their attention to tea. The lean years intervening between the abandonment of coffee and the beginning of the productiveness of tea were bridged over by the cultivation of cinchona, which rose rapidly and then fell again in importance as the tea industry developed. In all these industrial and agricultural manoeuvres the botanical garden participated, and its experiments were of the greatest advantage to the planters.

In Indo-China a complete mechanism for agricultural development has been created since 1897. Before that year very little had been done. The botanical garden at Saigon was merely a pleasure park, in which a few amateurish experiments in plant acclimatization were carried on. But now there has been established a department (*direction*) of agriculture and commerce comprising a geological and meteorological service, a bureau of agricultural statistics, agricultural and commercial museums, a forest service, a veterinary and epizoötic service, local agricultural bureaus in the various individual colonies, as well as laboratories and experiment stations at Saigon and Hanoi. The scientific and practical results

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obtained by the various services are published in the *Bulletin Economique*. The mechanism created is certainly extensive enough; indeed it invites the criticism of over-elaborateness, and will still further increase the disproportionate number of officials in the colony. But the government hopes to justify it by giving a real impetus to the development of agricultural industry. As Indo-China is practically a rice mono-culture country, the government is attempting to introduce the cultivation of other products, such as tea, cotton, and rubber.

Efficient experiment stations exist in the British West Indies, at Kingston in Jamaica, Castries in St. Lucia, Port of Spain in Trinidad, and Demarara in British Guiana. These stations have been specially useful and successful in introducing new cultures when the cultivation of cane ceased to be profitable, as well as in the discovery of the best varieties of cane for the plantations to help them withstand the fierce competition of beet sugar.

In Africa experimental farms have been established by Great Britain, Germany, and France. Even in the far interior of the Sudan, at Kulikoro, an agricultural farm and school has recently been opened to which are attached a number of subsidiary gardens and farms. This station is already sending out large numbers of trees and great quantities of seeds. A community of liberated slaves located near the station is given special directions in improved methods of cultivation.

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In Kamerun, at Albrechts-Hoehe, a very efficient agricultural station has been created, which enjoys the active coöperation of the natives of the neighborhood.

It has been felt that it would be desirable to have a station or institution at which the results obtained in the various experimental farms of a colonial empire could be sifted and compared. In England the Kew gardens and the Imperial Institute to some extent fulfil this function, the latter with its agricultural laboratories, the former with its plant houses, in which the flora of the entire empire is represented. In 1899 the French government created a tropical garden at Vincennes, to serve as a connecting link between the various colonies, to centralize information, to furnish seeds, and to make itself useful in other ways to tropical agriculture. The great drawback of these institutions, of course, lies in the fact of their location in the temperate zone. A central station for tropical agriculture should be located in the tropics, and although the services rendered by these existing institutions are augmented by the interest in tropical life which they create in the mother country, it is highly desirable that a number of scientific institutions like that of Buitenzorg should be created in the colonies.

Tropical Agriculture.—Turning now to tropical agriculture itself, we shall first try briefly to summarize its principal problems. Tropical countries are generally inclined to mono-culture. Either the natives, without any special incentive

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beyond present needs, give themselves entirely to the production of that kind of food which is most easily raised on their land, or the planters who have some capital at their disposal, find that a certain culture far exceeds others in profitable-ness for the time being, and therefore concentrate their efforts entirely upon one line of production. Thus the population of Indo-China, and of Burma, as well as the Javanese, originally engaged almost entirely in the production of rice. The West Indian planters, especially in the French colonies, staked everything upon sugar; and when this industry rapidly declined under the competition of the beet sugar of Europe, they were reluctant to leave it, although thereby they courted great and lasting financial disaster. The very first principle of economic development in a tropical country should therefore be to insist upon a diversification of cultures. This is most easily accomplished by bringing under cultivation the higher regions, which are hardly ever regularly tilled by the natives. Without interfering with native tenures or customs, exceedingly rich and profitable cultures may thus be introduced, and the wealth of a colony increased manifold in a short time. The culture of coffee in Java, of tea in Ceylon and Assam, and of cacao in Ceylon, are carried on in the hill regions. The diversification of the agriculture of the natives is a problem of greater difficulty, both on account of their reluctance to change methods that have been followed for centuries, and on account of their poverty,

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which forbids experimentation and holds them strictly to the raising of food products. In newer countries, like Central Africa, where agriculture is still in its infancy, it will be easier to give it a more diversified character from the start. But even in countries like India and Java, much has been accomplished in this direction, especially with lands which bear more than one crop a year.

The Dutch Culture System.—In the matter of diversifying agriculture in the Dutch East Indies, the culture system introduced by Van den Bosch in 1830 has been very successful. As first introduced, this system rested upon the right of the state as ultimate landlord to share in the produce of the soil. It was therefore arranged that the natives should devote a portion of their land to crops determined by the administration, the harvest to be turned over to the government at a fixed price. This system was originally introduced for the avowed purpose of diversifying native industry, and it was decreed that any surplus gained in excess of the regular land rent should be spent for the benefit of the villages, while the government itself would assume the famine risks. But as the state was in great need of money, the system in practice assumed a different form. Large areas of native land were requisitioned for the cultivation of indigo, tobacco, sugar, tea, cinnamon, pepper, and cochineal. Moreover, the government established plantations of its own for these cultures, and increased very largely its existing coffee plantations in the

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highlands. Upon all these estates natives were forced to work at very low wages ; the prices paid native cultivators for produce sold to the government were also far below the market value. Through this system a terrible burden was laid upon the native population. They were often forced to give up their entire lands for the government cultures ; they were carried from their native villages to distant plantations of the government, there to work for months for a mere pittance. But from a financial point of view the system was exceedingly profitable to the mother country ; many hundred millions of guilders flowed into the Dutch coffers and helped Holland over some severe financial difficulties.

Notwithstanding this success, opposition to the system arose at an early date and became very strong after 1848, when the Dutch Parliament assumed control over colonial matters. The system was opposed both on the ground that it constituted a cruel and unjust exploitation of the natives, and because it practically excluded individual enterprise from the agricultural industry in the Dutch East Indies. The government accordingly was obliged to change its economic policy and in the organic law of 1854 (*Regeerings-Reglementen*, §56) the way for the abandonment of the culture system was prepared. In the decade following 1860, most of the government cultures were given up, and in 1870 the "sugar law" provided for the gradual abolishment of the government sugar culture within twenty years.

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The only government culture still maintained at the present time is that of coffee. For this, native lands were not taken, as the government plantations are situated in the highlands. But the system of requisitioning native labor is still kept up, although it has been freed from most of its objectionable features.

While the culture system could not maintain itself permanently in the face of an enlightened European public opinion and before the onslaughts in behalf of individual enterprise, it nevertheless served to introduce a diversification of agricultural industry in Java. At the present time only one-half of the ten million acres under cultivation in Java is given up to rice crops; Java has become, next to Cuba, the greatest cane-sugar exporting country, and tobacco, indigo, maize, peanuts, cotton, coffee, cinchona, and tea, are all grown in respectable quantities. The production of coffee has passed largely into the hands of individual cultivators; in 1895, the government still produced nearly one-half of the coffee crop, while to-day its share is only one-fourth.

Agriculture in India.—According to the returns for 1902, out of the total area of British India (605,000,000 acres) about 307,000,000 acres are used productively, of which 200,000,000 acres yield crops. As compared with such countries as France and Germany the percentage of the area used for agriculture and forestry appears too small,¹ and it admits of no doubt that vast

¹ In India the percentage of the area which is used produc-

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stretches of jungle in India could be reduced to a state of cultivation.

The statistics show that Lower Burma and Assam may be looked upon practically as rice mono-culture countries. In the case of Assam there exists a rich culture in the highlands—that of tea—but it covers only a small portion of the territory. In all the other provinces agriculture is more diversified, but the acreage given to crops like tea and coffee, tobacco, sugar, and cotton, appears relatively exceedingly small. It may also be noted that the area planted to wheat constitutes less than one-tenth of the food producing area of India. One of the most remarkable items in these statistics is the enormous area given to the culture of rice.¹ If we take as a fair average the production of eight hundred pounds per acre, the lands given to rice would produce about 30 million tons.

At the present time an active competition is going on between the tea industry of India and of Ceylon. The Indian and Ceylonese teas have succeeded in driving the leaf of China and Japan out of the British market. But their production has increased so rapidly that a heavy fall in prices has resulted, leading to a serious embarrassment of the industry in both dependencies, which has further been aggravated by the rise in the value of the rupee, and the increase in the tax on tea

tively is 50.5 per cent.; in France 85 per cent.; in Germany 91 per cent.

¹ Seventy-three million acres out of a total of 175 million given to food crops.

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in Great Britain during and after the Boer war. Since 1885 India has planted over 250,000 acres with tea and it is apparent that unless further outlets for Indian tea can be found in continental Europe, in the United States, Canada, and other countries, either by an increase of the demand or by a displacement of other oriental teas, further expansion of the industry in India and Ceylon cannot be looked for at the present time.

In general it may be said that the Indian government has not accomplished as much as might be expected in a diversification of Indian agricultural industry and in the improvement of its methods. It is of course easier to criticise than to mend, but the fact remains that satisfactory results have not been obtained in this matter. It would certainly seem that with some encouragement the Indian sugar industry could by this time have attained to a far more prosperous condition. But as already pointed out, the British merchants are more interested in having Indian demands for the higher grades of sugar supplied from Mauritius than they are in the establishment of a highly developed Indian sugar industry. With the progress of the work of irrigation a diversification of industry becomes of course increasingly possible, and it can admit of no doubt that the Indian government is honestly attempting to improve matters in this direction.

The agricultural industries of the Philippine Islands are the production of hemp, sugar, coconut and other oils, and tobacco. The higher

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regions will undoubtedly prove favorable to the cultivation of coffee, tea and cacao. Thus far, however, practically the only profitable products have been hemp and sugar and it must unfortunately be noted that while some increase is shown in the exportation of hemp, which requires little labor in its preparation, the sugar industry is suffering a decline. The native demand for rice is filled largely by importation, but with the development of the islands they should become able to furnish a large amount of this food material. In Hawaii the sugar industry has increased remarkably since the annexation to the United States. At present it furnishes 87 per cent. of the agricultural product and constitutes 77 per cent. of the total industrial activity in the islands. Important irrigation works have been constructed, increasing the fertility of the lands manifold, and an experiment station dealing specially with the cultivation of sugar is maintained by the American Sugar Company.

African Agriculture.—When we turn to less developed regions, such as the colonies of tropical Africa, the problem before us becomes one of the creation of an agricultural export industry, and the development of native agriculture toward greater strength and productivity. In many parts of Central Africa the natives carry on a continuous and careful cultivation of the soil; especially the Fulbe in the feudal states along the upper Niger show pronounced ability as agriculturists and cattle raisers. The principal products

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obtained are sesame, cashew nuts, manioc, cotton, camwood, henna, indigo and other dyes, the kola nut, the peanut, tropical fruits of all kinds, hemp and other fibres, millet, maize and rice, palm oil, shea butter, rubber, and tobacco. Natural products in great variety are therefore already utilized, many of which are even now cultivated for export. With protection from marauders, with the systematization of efforts and the assistance of scientific experiments, these indigenous cultures promise to develop into a vigorous agricultural system. Great agricultural activity is also found in the West African coast colonies and along the upper courses of the northern tributaries of the Congo. The natives of the southern half of tropical Africa are not quite so far advanced in agricultural pursuits; they have not come in contact with the civilizing influence which Mohammedanism has exerted in Northern Africa. But the land itself, especially in Rhodesia and British Central Africa, is highly favorable to the development of agriculture. Perhaps no country in the world offers a greater diversity of opportunities in agriculture than does Rhodesia. The white man can live on its elevated plains, where he can cultivate not only the crops and fruits of a moderate zone, but also many of the choicest products of the tropical world.

Though the development of native agriculture in Africa has not gotten beyond a mere beginning, a few experiments have been made which indicate what can be done under favorable cir-

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cumstances. Thus the cultivation of cacao, which was begun in the Gold Coast Colony in 1891, had, after a decade, reached a capacity for export of five million pounds. The industry is carried on entirely by natives, and was fostered by the government experiment station, which gave out plants and instructions on the methods of cultivation. In a similar way the systematic cultivation of peanuts in the French colony of Senegal was begun after the building of the railway in the colony. The rapid progress which this culture has made indicates that the African natives are ready to take advantage of economic opportunities. In the West African coast colonies there are large areas exceedingly well adapted for the raising of cattle. The natives take readily to this pursuit, and it is not extravagant to expect that West Africa may rival, if not excel, Argentina in the export of cattle and meats to Europe.

Cotton.—Recently much interest has been aroused in the prospective cultivation of cotton in African colonies. In 1902 the British Cotton Growing Association was founded for the purpose of extending and promoting the cultivation of cotton in the British dependencies so that the latter may in time furnish the total supply needed in England. It is proposed to found experimental farms and plantations, to distribute seed among the natives, and to arrange for the commercial handling of the product. The best results are expected in West Africa, where cotton

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is an indigenous product, and it is believed that West Africa alone can raise enough to supply the needs of the Lancashire manufacturers. In regard to Northern Nigeria, Sir Frederick Lugard is quoted as follows: "The samples shown from imported seed which I have sent home have been extremely well reported on. It is a very ancient industry in the country and a very considerable quantity of cotton is already being grown for native use, and the natives are very keen to get the new seed. As to growing cotton for export it is entirely a question of cheap transport, which in my view means a light surface railway working in conjunction with, and not in opposition to, the steamer transport on the river." Sir Harry Johnston, for many years commissioner in the British Central Africa Protectorate, testifies that Central Africa "is rapidly coming to the front, not only as a cotton-growing country, but as a part of Africa which can grow cotton of the very finest quality."

The colonial governments have declared themselves ready to share the cost of these experiments, and the railway and steamship lines will transport the cotton free of charges for a period of two years. Over 5,000 acres are already under regular cultivation in cotton in Lagos, ginning machines are employed, and the crop produced is sold on the Liverpool market at good prices. In the Central African Protectorate experiments were begun three years ago and already the marketable crop has risen to 900 tons. This move-

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ment also extends to the West Indies, whose ancient prominence as cotton raising countries, it is hoped, may be restored. At the present time about 14,000 acres are under experimental cultivation of cotton in these islands. Should these various experiments succeed, the Southern states of the Union may lose their primacy in cotton production and may have to turn to other lines of agricultural industry.

The German colonies are making similar endeavors to develop cotton cultivation. American cotton experts have been employed as teachers and experiment directors in Togo; and it has already been ascertained that Togo cotton can be delivered in German markets at a very handsome profit.¹ In German East Africa cotton of an excellent quality is raised. The culture is systematically encouraged by the government and the steamer lines have granted free transportation for a time. It is of course not intended to extend the privilege granted by transportation agencies indefinitely. They will simply assist in giving an impulse to the industry, which it is believed will soon be able to compete with American and Egyptian cotton on a basis of perfect equality. A company has also been formed in Paris for the purpose of fostering the cotton culture in the French Sudan. The Sudan is considered especially favorable for this purpose because of the periodical flooding of the land by the rivers in the extended rainy season, and of the fact that the

¹ In 1904, 300 tons were harvested.

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natives already cultivate the cotton plant for their own use.

Irrigation.—In tropical dependencies where agriculture is highly developed it has most generally been found necessary to construct extensive works of irrigation. Of all these systems that of India is the most important and interesting. The cold, or dry, season which in India extends from the beginning of November to the end of April, is normally broken by a short period of rain towards the end of December; whenever these rains fail, the lands which are not provided with artificial irrigation cannot mature their winter crops. As the latter furnish the principal food of the natives, a repeated failure of the December rains inevitably results in an extended famine with all the suffering it brings in its train. The problem of irrigation is therefore not simply one of surplus production for enhanced profits.

Systematic irrigation has long been established in India, although the most ambitious scientific works have been constructed since the British occupation. The most primitive form in use is well irrigation on the individual farms. The two more complex systems are that of the "tank" and that of the irrigation canal. "Tank" is the Hindu word signifying a reservoir or lake into which the waters are gathered in the rainy season. Very often natural lakes are used for storage or the mouth of a valley is dammed up and an artificial reservoir formed. This system is used chiefly in Southern India, where the province of Madras

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alone has over sixty thousand irrigation tanks. The irrigation canals are divided into perennial and inundation canals. The former are furnished with permanent head-works and weirs and are so constructed as to supply water through all seasons of the year. These canals have almost all been built since the British occupation. The inundation canals, on the other hand, are dependent upon the rise of the water in the rivers. They are often merely ditches dug in the soil, inexpensive, and not nearly so reliable as the perennial canals. The total area of lands irrigated by canals in 1902 was 19,900,000 acres.¹ The rapid progress in the work is apparent from the fact that the area had doubled since 1890. Among the most important of the works are the Ganges canal with a length of 440 miles and with 2,703 miles of distributaries, watering an area of 900,000 acres; and the Sirhind canal in the Panjab, which is 542 miles in length, with 4,643 miles of distributaries. The total length of the main canals in India is 12,800 miles, with distributaries measuring 33,800 miles. The highest percentage of irrigated land is found in Sind, where it is 86 per cent. of the total area cultivated. In the Panjab it is 36 per cent., in the United Provinces 32 per cent., and in Madras 26 per cent. Bengal is not in need of irrigation, being on the contrary often threatened by floods; there have, therefore, been constructed upwards of two thousand miles

¹ The total area of lands irrigated by any method is about 34 million acres or about one-sixth of all lands yielding crops.

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of river embankments. Southern and Central India is far less sufficiently provided with irrigation than is the North.¹ The increase in value of agricultural lands in India obtained through irrigation improvements is incalculable; the government shares in this added wealth through the land revenue as well as through the direct returns from water rates.

In 1901 a commission was appointed with the purpose of making a systematic study of the entire system of irrigation and of proposing a plan for future work. This commission in its report recommended the expenditure of £30,000,000 in twenty years on public irrigation works, and also the loaning of £400,000 annually to private irrigation enterprises. The funds for this vast undertaking are to be raised by loans, the interest upon which is to be charged to the famine relief fund. The idea of constructing works protective against famine is the key-note of the report. The agricultural resources of the country are to be increased and strengthened so as to enable it more successfully to avoid the danger of a famine period.

Some of the Indian irrigation canals are marvelous works of engineering skill. Thus the upper Ganges canal very often carries nearly the entire amount of water in the Ganges river, leaving the river-bed almost dry. At one point the

¹ By the end of the fiscal year 1900 to 1901, the total capital outlay for canal irrigation works in India was £28,245,000. The net revenue produced that year was £1,851,000, which amounts to about 6.5 per cent. upon the capital invested.

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canal is carried over the bed of a tributary, for a distance of nearly two miles; this is necessary because in times of heavy rainfall the tributaries from the mountains could not with safety be received directly into the irrigation canal on account of the destructive power of the masses of water which they carry down to the Ganges. The great deltaic irrigation works of Madras, projected in 1835 by Sir Arthur Cotton and partly executed, are also worthy of attention—especially the bold construction of weirs which turn whole rivers aside from their course and render their waters useful to millions of people. Thus the works of the Kaveri River alone supply over a million acres.

Since the days of Sir Arthur Cotton, who left India in 1860, very little has, however, been accomplished in the irrigation development of South India. The revenue, and the public works departments do not always work harmoniously together, and the reluctance of the former to interfere with vested interests has proved a hindrance to improvement in the regions where the illiberal zemindari tenure prevails. The chief criticism to be made on the Indian irrigation system is that sufficient attention has not been given to the storage of water and to more extensive use of deep artesian wells. The rainfall which is now allowed to be absorbed by the soil and carried off by subterranean rivers, would perhaps be sufficient to supply all the needs of Indian agri-

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cultural lands, if proper storage works were constructed.

The Egyptian irrigation system is so important both from the political as well as from the economic point of view, that it deserves more than passing mention. When we remember the fact that the inhabited country of Egypt is nothing more than two narrow strips of land on either side of the Nile river, and that it has from times immemorial been entirely dependent upon flooding by the Nile, we shall understand the importance of the question of regular irrigation to the Egyptian people. In Egypt everybody, from the ruler down to the poorest peasant, watches with great anxiety the returns of the Nile gauge. This fact of the dependence of Egypt upon the waters of the Nile accounts for the political activity of Great Britain in the region of the Central African lakes. After the Sudan had been abandoned in 1884 it was soon perceived that the control of this region by Egypt, or by the power that rules in Egypt, was essential to the safety of the Egyptian people, because any other power in possession of the Upper Nile and of the equatorial lakes would be able to divert and store up the Nile waters and deal out flood or famine to Egypt at pleasure. Hence the occupation of British East Africa, the reconquest of the Sudan, the refusal to allow Marchand to gain a foothold on the Upper Nile, and the building of the Uganda railway, are all a legitimate part of the purpose to safeguard the necessary water supply

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of the Egyptian cultivator. Indeed the government treasury itself is directly interested in the water supply on account of the immemorial custom that lands which in any year do not secure irrigation shall not pay the land tax. By widening the area of irrigation, therefore, the government directly increases its own resources. With practical sense the agents of the British government in Egypt seized upon these essential points in Egyptian economic life, and persistently pressed for improvements in the established methods of irrigation.

In 1885 a beginning was made and £1,000,000 was spent in repairing the barrage at the apex of the Delta, which, completed in 1861, had since then fallen into neglect. This expenditure resulted in a regular supply of water to the lands in the Delta and its beneficent influence upon the Egyptian treasury was so great that the government and the powers in control of the treasury became favorable to more ambitious plans for irrigation works. It was a difficult problem to decide how the part of Egypt lying between the Delta and Assuan could best be supplied with water. It would have been possible to create a storage basin in a contiguous depression in the desert, or to dam one of the equatorial lakes, sending the water supply down the river in time to arrive in May or June, when it is most needed. The third alternative, actually adopted, was to construct a very high and substantial dam at Assuan, supplemented by an open barrage at

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Assiut. The work was begun in 1898, and finished in 1903, the total cost being about £2,000,000. It has been calculated that in consequence of this improvement the annual income of Egyptian agriculture will be increased by £2,600,000, of which the share of the government through taxation will be £380,000. Moreover, the value of the government land directly benefited will be increased by more than one million pounds sterling. During the spring of 1903 the efficiency of this ambitious work was first tested. The water supply for middle and lower Egypt was well sustained during the dry season and the summer crops in that region are now assured a permanent irrigation. The area planted to cotton and to rice have been very largely increased in anticipation of a reliable and continuous water supply.

The success of this monumental work makes the irrigation service of Egypt of greater importance than ever. In its hands lies the destiny of every individual cultivator in the realm. It is therefore not a matter of surprise that the native agents of the service have to be closely watched in order to keep them from extortion and injustice towards individual peasants. It has been charged by French critics that Egyptian irrigation has been managed in the interests of the foreign cotton industry with little regard to the needs of the native cultivators. As a proof they cite an order of the irrigation department of the year 1898, according to which the cotton lands were first to be supplied with water in the case

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of shortage. While this particular instance cannot be disputed, it is nevertheless true that the Egyptian government has had in mind the interests of the native cultivators as well as the capitalist interested in the rich cultures, and that both are to be assured an ample water supply.

Forestry.—The preservation and rational exploitation of forests is a matter of great importance in tropical colonies. In Java, by a law of 1874, the forests are divided into *djati* (teak) and *wildhout* (wildwood) forests. The teak forests are all strictly reserved and can be exploited only by holders of a concession from the government. This either entitles the grantee to full control over the timber cut, in return for a fixed payment to the state, or the entrepreneur may agree to furnish the wood to the government at a definite price per cubic meter. The wildwood forests are not so strictly supervised, the main object of the government with respect to them being to maintain a sufficient forest area for the agricultural needs of the country. It therefore attempts to protect them against wanton destruction by fire or any other form of spoliation. Government plantations of valuable trees, such as gutta percha and rubber, have been created at various points in Java.

The forests of India were in 1864 placed under the supervision of an Inspector-General of Forests. Under general laws the division into reserved and open forests is established. In 1902 there were 89,424 square miles of the former and

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110,000 square miles of the latter. The reserved forests are surveyed and within them nomadic cultivation and the wanton burning of trees is forbidden, and the cutting of timber for use is permitted only to persons who have obtained a license. It is intended to reserve sufficient forest land for the needs of the future and to provide for a regular reproduction of valuable timber. The open forests can be used by the people of the respective district, under proper restrictions, for obtaining timber, firewood, and grass, free of charge. In Burma and Bengal large plantations of rubber trees have been established, one of the plantations being 10,000 acres in extent. Some of the native states, like Kashmir, Mysore, Travancore, and Baroda, have also instituted forest reserves. Mysore draws an annual income of sixty thousand pounds sterling from this source. The forestry service of French Indo-China was instituted in 1901. There are in this colony 50,000,000 hectares of forest lands, of which 12,000,000 have been reserved for the domain.

Outside of timber the most important forest product in tropical countries is rubber. As we have already seen, experiments in planting large areas of land to rubber have been made in Burma and Java, as well as in Ceylon. While in some instances these experiments have not resulted favorably, as the trees died out, in most cases, and especially in Ceylon, valuable plantations have been secured. They have, however, thus far been used not so much for the production of rub-

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ber as for obtaining the seed, which finds a very ready market in the tropical countries of the Orient. The rubber supply of the African forests was until recently considered almost inexhaustible. But the destructive methods employed by the natives when gathering rubber, and the policy of quick exploitation adopted by the Congo Free State, have resulted in a rapid decrease of the natural rubber supply of Africa, and in its total destruction over vast areas of land. It has therefore been found necessary to make strict regulations with respect to rubber gathering. Thus in the Congo Free State the regulations of March, 1900, provide that every individual gathering rubber is obliged to set out a certain number of rubber trees and vines, and the government has announced its purpose of restocking the forests quite generally. The rubber law of New Caledonia, which was promulgated in 1901, contains the following provisions: the lessee of domain rubber lands must plant annually one-tenth as many trees as he is using; tapping must take place during the wet season; and for every tree bled to death a fine of from fifty to one hundred francs is to be paid to the state. The government of British East Africa is planning to give special instruction to the natives in the best manner of tapping rubber vines and in the means of preserving the species from which the most valuable product is derived.

The forestry system of Algeria is an example of what colonial forest laws should not be. The

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French forest code of 1827, the product of a reactionary age, resting upon the principles of feudal forest reserves, was extended to Algeria as a part of the general system of assimilation. Its unreasonable presumptions of guilt and its excessive fines in matters of forest delicts, such as poaching and the taking of fagots, would render it a Draconian code anywhere; but in a country whose natives have from time immemorial considered the forests their own, there to hunt and to supply themselves with firewood, the application of such a system is absolute cruelty. As it was soon recognized that the fines prescribed in the code were far too high for Algerian conditions, the judges were given the power to fix them at their discretion within the maximum established by the code. This has resulted in making the punishment arbitrary. Over 10,000 prosecutions per year for forest crimes committed by natives is an ordinary average, and no small part of the bitter resentment felt by the natives towards the French is due to this unreasonable legislation.¹

Industrial Development.—Industrial development as distinguished from agriculture is a subject towards which the colonizing nations in the tropics have as yet contributed comparatively little. It is true, agriculture itself is becoming

¹ In 1901 the registered forest area of Algeria was 2,825,000 hectares. The larger part of this area, however, consists of forests without trees—waste land and underbrush where the larger trees have been burned down. Forest fires are often maliciously set by the natives; in the twenty-one years from 1876 to 1897, and area of over 900,000 hectares (2,200,000 acres) of forest was destroyed by fire.

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more and more industrialized. Garden plot farms where the product is prepared for the market by hand labor are giving way to large semi-industrial undertakings with extensive mills for the extraction or preparation for the market of such products as coffee, sugar, cocoa, and rubber. To what extent industrialized agriculture is destined to supersede cultivation on a small scale is a matter for the future to show. It would seem, however, that in the tropics the production of food grains, such as rice, wheat, millet, and manioc, will continue to be carried on by the natives on small farms. With a proper arrangement of labor relations, the natives may also engage in some of the so-called rich cultures, furnishing their products to central factories to be prepared for the market. But wherever the large plantation industry can succeed in securing workmen enough on its own lands it will attempt to monopolize the richer cultures more and more. The matter reduces itself therefore primarily to a question of labor supply.

The sugar industry in the tropical colonies has passed through a period of great depression in the last few decades. Through the abolition of slavery, the industry had lost a cheap and steady supply of labor, so that when the competition of beet sugar arose, it was difficult for the planters to maintain themselves. Complete ruin was threatened when the sugar bounty system of the European nations placed colonial sugar under a special disadvantage in the open markets. The

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West Indian planters, who are hampered by the tariff wall around their natural market, suffered most severely; Mauritius was somewhat relieved in this crisis by its nearness to the Indian Empire, which imports much sugar from that colony; but other Eastern colonial sugar producers were also in a critical situation. Hongkong is the center of the Oriental sugar industry. Crude sugar is sent from Java, the Philippines, the Straits Settlements, and Southern China, to the refineries of Hongkong, whence the refined product is shipped to the various parts of the Orient where better grades of sugar are in demand. The competition of European beet sugar has since 1901 been exceedingly severe in these regions, and the cessation of the system of sugar bounties in 1903 came just in time to prevent lasting injury to the cane sugar industry of the far Orient. The destruction of the bounty system was essential to the survival of sugar plantations in the tropical colonies, and although Great Britain will suffer by having to pay a higher price for sugar, her statesmen felt constrained to make this sacrifice for imperial reasons.

But while the abolition of the bounty system has given the sugar industry in the colonies a new lease of life, a revival of prosperity can be brought about only by thoroughly transforming the industry in accordance with modern methods of production. Profits were formerly made easily with simple and primitive machinery. At present only the highest industrial efficiency can successfully

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cope with the beet sugar manufacture. Of course the tropical planter has in his favor great fertility of the soil, but he finds it difficult to procure perfected machinery and an abundant and steady labor supply. In order to assist planters in the purchase of machinery and to encourage the erection of central sugar mills, many colonies have adopted a system of making advances for this purpose. The British West Indian colonies are using imperial as well as colonial loans in this way; Jamaica in 1903 provided for the guarantee of the capital and the interest ($3\frac{1}{2}$ per cent.) of companies erecting central sugar factories; and when recently the draft animals of Mauritian planters were destroyed by the surra plague, the government made advances to the planters to enable them to install systems of tramways. The central sugar factory system is used in colonies where land is held in smaller parcels. In Java a system has been worked out under which the factory company makes contracts with the natives of the surrounding country, who bind themselves to furnish annually the cane produce of a certain portion of their land. In this manner the company is relieved of the risk and trouble of procuring a labor supply. The colony of Jamaica is also attempting to encourage the lesser cultivators to enter into long time contracts to supply cane to central factories.

Very little progress has been made in the establishment of manufactures in tropical colonies; nor is manufacturing industry likely to receive

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much encouragement as long as commercialism remains one of the cardinal factors in colonial politics. Since the colonies were acquired as an outlet for the surplus products of the metropolitan industries, and since the expense incurred in their acquisition was justified on the ground of large future gains to commerce, any attempt to build up manufacturing industries in the colonies themselves would run counter to the prime motive in the colonization movement. We shall therefore not be surprised if we find a distinct though sometimes covert disposition to discourage colonial enterprises which would compete with similar industries in the mother country. A generous, far-seeing policy toward colonial manufactures is so rare because it is easy to overlook the simple principle that the capacity of a customer to buy depends on his wealth. Of this the advance of Japan provides a striking illustration; during the last thirty years, while her industrial life was fast developing, her imports have increased from 20 million to 317 million yen, or eightfold, if the fall in the value of silver money is taken into account.

It admits of no doubt that India could be a better customer were she encouraged more fully to develop her industrial resources; but certain British manufacturing interests are in deadly fear of Indian competition. The cotton and jute industries are the only manufactures in India in which modern methods have been applied on a larger scale. In 1903 there were 201 cotton mills, with 5,000,000 spindles, employing 177,700 per-

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sons, and representing an invested capital of Rx17,500,000. The cotton industry of India has been created almost entirely by native capital. Three-fourths of the mills are located in Bombay Presidency, where the Parsees have taken the lead in manufacturing enterprises. Although the industry enjoys the advantage of very cheap labor, the expenses of installation are exceedingly high, as the machinery has to be obtained in Europe. It is an interesting fact that only few members of the weavers' guild seek employment in the factories; they look with disfavor upon factory industry and leave this work to low caste people. The Indian cotton mills have confined themselves mostly to the production of coarse yarns, and the manufacture of woven fabrics constitutes only one-sixth of the total production of cotton goods. In 1902, there were 36 jute mills employing 118,000 persons and Rx7,000,000 of capital; the manufacture of gunny cloth is in fact one of the most flourishing enterprises in India. All other industries except the manufacture of paper, beer, ice, and sugar, are of minimal importance. The total capital of registered incorporated companies, including banking companies in 1902 was Rx38,259,000. It may be interesting to compare these figures with those for European Russia, itself not a highly developed country; there the total capital invested in financial and industrial corporations is about £200,000,000, or over seven times as much as the amount recorded for India.

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The most deplorable fact in Indian economic life is the decline of native industries. In the words of a government report, "Indian fabrics and products made on a small scale by workers at their homes have for years been giving away before the cheaper yarns and fabrics, and the iron or steel products of British factories." The delicate and artistic cotton fabrics of India, such as the light gauzes of Santipur and the embroidered muslins of Dacca, are fast disappearing from the markets. The quality of goldsmiths' work is declining, as is the marvelous brass and bronze industry, under the onslaught of cheap machine production. Members of the guilds and trades can no longer use their inherited training with profit and are forced to turn to agriculture, which already employs over 70 per cent. of the people. One of the chief reasons of this decline of native art and industry is the absence of wealth among the natives; the native courts have become impoverished and no prince would now even distantly approach the fabulous luxury of paying \$5,000,000 for a jeweled shawl, as is recorded of a former ruler of Baroda. The European residents and travelers in India may have the means but they lack the taste to support the most artistic industries, the delicate and carefully wrought products of which cost so much more than cheap imitations. Inferior goods supplied by European industry are replacing the native products because a workman cannot afford to spend a month in producing an article of which a

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machine will turn out a fair though essentially crude imitation in half an hour. Native industry in its more modest forms still remains entrenched in the villages. Every village has its blacksmith, its weaver, and its potter, who in return for supplying the needs of the villagers are supported by them. They are not paid by piece work, but are given a yearly allowance of grain and allotments of land. Are these rude artisans to be the only heirs of the glorious traditions of Indian art?

In Indo-China the coming of the Europeans has also resulted in a serious discouragement of the native manufacture of iron, copper, and cotton, and on its artistic side native industry has certainly suffered very much. In the famous report of 1902, Governor Doumer has outlined in its entirety the ambitious economic policy of France in Indo-China, but all he has to say about native industries is the following: "If the profit of the colony from the establishment of industries on its soil cannot be doubted, still we must also consider the interests of the metropolitan producers. The latter demand that we shall not create in countries acquired by France, often at great expense, an unsupportable and disastrous competition. It is a fact that industrial competition is not the rôle of colonies nor the object in view when they were acquired. Therefore, if we are to encourage industries it must be within limits in which they cannot injure the industries of France. In other terms colonial industry must do what French industry cannot do, and send its

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produce to regions where metropolitan products cannot go." The governor concludes that the establishment of cotton yarn factories might be encouraged as not injurious to French industry. It is perfectly clear that the French government intends to apply strictly the ideas of the old *pacte colonial*, and will not allow any competition with metropolitan industry to arise in its colonies.

In tropical Africa, industries on a larger scale are totally absent and among the natives but little industrial life has developed. The forging of iron and copper, however, is practised by many of the tribes, and textile manufacture has reached a considerable state of perfection in the regions along the Upper Niger, so that it has even been suggested that this might be made a center for a native cotton industry to supply the needs of tropical Africa. But it is hardly to be expected that these domestic industries of Africa will be able to do more than barely hold their own before the importation of European goods. West Africa is looked upon as a specially favorable market for the latter and attempts to organize the native industries on a larger scale will encounter many obstacles. From all this it will be apparent that for a long time to come the agricultural and extractive industries will remain by far the predominant element in tropical economic life, and that no matter how desirable from the point of view of native life the development and strengthening of the manufacturing industries may be, their progress will be slow and painful except in

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native societies which may prove strong enough to take their economic and political destinies into their own hands.

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CHAPTER VIII

THE LAND POLICY

An individualistic civilization calls for a high mobilization of property rights in land, for clearly defined principles of ownership, and for perfect power of disposition. Yet even with the Western nations the assimilation of land to movable property is a recent development. In mediaeval law, land was neither freely alienable by the person occupying it, nor could it be taken on execution for his debts. Among none of the peoples with whom we have to deal in colonial administration had landed property passed beyond this stage when they came into contact with Europeans. Property ideas were not at all developed with logical precision, but ordinarily a rather complex system of occupation rights had grown up, with no clear theory as to the exact location of the right of ultimate disposal. Generally the king or chief claimed the ultimate property in the soil. From the code of Brihaspati, in which the king is spoken of as the "owner of all," to the laws of the Madagascan ruler, Adrianimpoinimerina, who declares, "the land belongs to me, and I divide it up as pleases myself," the rulers have made more or less sweeping claims of ultimate or direct

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ownership to the soil of their realms. By the side of such claims of eminent domain, a system of occupation rights was gradually developed. But property was never looked upon as fully appertaining to an individual and subject to his absolute disposition. It was rather the tribe or clan or some other enlarged form of the family to whom the ownership belonged, and their rights could by no means be ignored by the individual occupant for the time being. The latter therefore could neither alienate nor mortgage his land. He had an indefeasible right of occupation, but he could not turn his right into individual property to be disposed of at will. Although there are innumerable variations of law and custom in the native systems, they none of them look upon the soil as a subject of direct ownership, purchase, and sale. The giving up of ancestral soil was often even considered sacrilegious. For these reasons land did not possess a fixed market value; it was looked upon rather as a commodity furnished by nature, which could be occupied and used but which was essentially different from the goods in which men traded.

When the Western nations began to come in touch with the more primitive peoples, they did not put themselves to any trouble to understand the native views of property and occupancy. It has generally been their policy to treat the occupant as owner, to give him a complete and unclouded title to the land in his possession, and to render the latter subject to contract and incum-

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brance. This policy, which few of the European nations have avoided, gives rise to great difficulties. In the first place, it is often next to impossible to ascertain the accurate contents of the individual claims, especially in colonies where the tribal organization still retains its vigor. In the second place, if such a system is really carried through, the agriculturist, who is now looked upon as the absolute master of his holding, generally becomes the victim of men shrewder than himself, who entangle him in legal obligations, which sooner or later result in the loss of his land. The welfare of native societies is thus often seriously impaired by a system which at first sight appears eminently just and progressive. It therefore remains a very important question how far native systems of tribal and communal holding are to be superseded, and how rapidly the Western individualistic conceptions of property in land should take their place.

Algerian Land Laws.—The attempt to individualize native landed property has appeared in its most radical form and with its most disastrous results in Algeria. The law of 1863 planned the gradual transition from tribal property to the property of the French civil law. It provided that the property of the Algerian tribes should be divided among the *douars*, or clans. In these the property should still be inalienable, but the indefinite tribal holdings would thus be reduced to definiteness, and a transition to private property made possible. This law was based on a

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rational principle, for though it aimed at the ultimate establishment of private property in land, it recognized that this condition could be approached only very gradually. As is said in the *Exposé des motifs* of the law, "Community of property is part of the customs of the natives. We do not pretend to be able to change these customs by our will alone. It will be necessary to wait until time and example shall have made the natives comprehend and solicit the benefits of another system."

But this rational law was by no means satisfactory to the French colonists in Algeria. The lands at the disposal of the government for purposes of concession were beginning to give out, and it therefore appeared highly desirable to accelerate the process of individualization of the natives' property, in order that part of this, too, might be acquired by the French settlers. The result of this agitation was the law of 1873, which provided that the government, upon its own initiative or upon request of the parties interested, should divide into individual holdings the various kinds of native property, and accord to each individual owner the complete power of disposal over his share. The native property of Algeria is of two kinds, the *arch* or tribal property, and the *melk* or particular holding. The latter, however, is not individual property in the Western sense. It originated generally in grants made by the Sultan to prominent citizens for services, as a matter of favor. But from the original grantees

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it descended to their families, and as it was never subdivided, there was soon little practical difference between the *melk* and the *arch*. For in the case of either, a large number of claims would be involved in the settlement of any particular piece of property. This condition of property rights made the execution of the law of 1873 exceedingly difficult and mischievous in its results. As many as four hundred claimants at times had to have their rights to a single tract of land adjusted. The individual parcels thus allotted were often so small as to have no real value at all. When it was considered inadvisable to divide the body of an estate among the various claimants, it was put up at auction, with the result that all of the occupants of the land were ousted from it, and received a payment in money which did not constitute in any way an equivalent. Usurers were quick to take advantage of the natives under this law. By taking one member of a tribe under their control, they could force him to ask for a division; if the estate was adjudged to be indivisible they bought it in at auction. Large numbers of natives were thus turned into proletarians filled with bitter resentment against a government which had caused their expropriation. In 1887 an amendment was passed by which the achievement of the purpose of the law was to be accelerated. But in 1890, criticism began to be heard. Fourteen million francs had been spent at that time in the endeavor to subdivide the native property, and it was calculated that 60 mil-

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lions more would be needed before the work could be completed. Except as the usurers and some of the colonists had benefited, no permanent results had come from this expense; because usually the natives, after a division of their property had been made, completely ignored the new arrangement of their rights, and continued to live in tribal communities upon their ancestral holdings, unless indeed the land had been entirely taken away from them. The criticism soon became strong enough to produce a change in the law. In 1897 it was enacted that a division could only be undertaken if demanded by one of the co-partners; the government was not to proceed *proprio motu*. It was further enacted that auction sales of entire estates should no longer be ordered, but that the estate should be divided according to family stems, and only the share of that particular family was to be liable to sale whose debt had caused the demand for division. Even under this law, however, the protection of the natives is not complete, as creditors may still use their influence to urge individuals into demanding a division, and may then purchase the allotted shares from such owners as find themselves in an embarrassed position.

On account of the mixture of French and native law, the Algerian land system is in a state of great confusion. By the law of 1897 it was somewhat simplified, assurance of title was introduced, and the natives were given the opportunity to register their titles at a small expense. This adoption of

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a modified form of the Torrens system would seem to promise an escape from the confusion and injustice of the land régime heretofore existent in Algeria. The Algerian land policy shows how dangerous it is to trust the interests of the natives to the political representatives of European colonists. The total disregard of native institutions; the desire to accelerate the dispossession of the natives from their inherited lands; the harshness with which the processes of law were enforced against them and execution was levied upon their holdings, show that the interests of the natives are in need of constant and watchful protection on the part of the administration.

In Tunis thus far there has been no invasion of native rights and customary institutions. The landed property of Tunis is divided among the state domain (*beylik*), the religious foundations (*habous*), and the Mussulman private property (*melk*). The tribal form of property is not found in Tunis. In order to obtain lands for the French settlers, an arrangement was made with the Tunisian authorities that public *habous*, which constitute one-third of the area of Tunisian lands, could be alienated to colonists upon permanent lease (*enzel*) in return for an annual rental of from two to ten francs per hectare. The French colonists are not, however, satisfied with this arrangement; they demand the right to redeem the rental at sixteen times its annual value and thus to make themselves complete owners of

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the property. If such a conversion were undertaken, thirty times the annual value would be a juster figure, as the charities and other foundations to whom the *habous* belong, would have difficulty in investing the funds to equal advantage, while the lands are always of value to them. Though the native system of land tenure has not been directly interfered with in Tunis, the door to a gradual transformation and settlement of property rights has been opened by the introduction of the Torrens system of land registration. This system not only makes titles certain and conveyances easy, but it furnishes a simple method by which the natives may gradually assimilate their land-holding to that under the European law. Any native claimant who desires to fortify his tenure may, after the satisfaction of all intervening claims, secure a title of individual property, with complete power of disposition; but no attempt has been made to force the natives to have their title thus made definite and certain.

The great advantage of the Torrens system, when applied to tropical colonization, is that it renders possible the gradual supersedure of native forms of landholding by a system based upon fully recognized, definite, and absolute private ownership, certified authoritatively in a clear and simple title deed. As it is optional it does not officiously interfere with the settled customs of the native population. Where the system is used it is generally required that all concessions, grants, and conveyances to non-natives shall be

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thus registered. As the advantages of having a clearly defined title are gradually perceived, the natives of their own accord desire the use of the system.

Throughout the French colonies the purchase of land held by natives is encouraged, and the treaties of protectorate usually contain the provision that Europeans shall be permitted to acquire real property. Certain restrictions on the power of the natives to alienate their lands are, however, imposed, both in order to safeguard the European purchaser against imposition by persons who have no right to the land in question, and to protect the natives against their own improvidence. In Tongking a decree of 1886 provides that the native vendor must deposit his title deeds with the resident for verification before making a sale. In French Congo, land sales by the natives must be approved by the administration. The Torrens system of registration has been introduced in Madagascar and French West Africa. In Madagascar the obligation of having their title registered is imposed upon all who purchase or receive a grant of domanial lands, and upon all Europeans who purchase land from the natives. As landed property in Madagascar had even before the French conquest approached an individualistic basis, the transition to a pure system of private property will perhaps be found easier there than in most other colonies.

The Indian Land System.—The government of British India has dealt with the native land sys-

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tem strictly upon the basis of individual property without regard to historical antecedents. The Permanent Settlement of 1793 in Bengal, by which the rights of the government to the land revenue were defined, constitutes a decidedly aristocratic policy. The zemindars, who were tax gatherers of the Mogul's government or local noblemen, were in this settlement treated as the owners of the territory from which they had theretofore merely collected the revenue. Peasant rights were not at all protected, and consequently in the half century that followed, the Bengal peasants were subjected to a terrible régime of rack-renting and general oppression. After the Mutiny their position was at last improved by the Land Law of 1859. This law divided the peasant tenants into four classes according to the duration of their holding. The first class comprised those who had held land for themselves and through their ancestors at the same rental since 1793. In the case of these no increase in the rental was to be permitted. The second class was composed of those tenants who had paid the same rate for twenty years; these were presumed to have held since 1793. In the case of tenants of the third class, who had held their lands for from twelve to twenty years, rents could be raised only through an auction at law and for certain specified causes. The rights of the fourth class, tenants merely by occupancy, were not protected by this legislation. A subsequent law, however, extended the protection to all tenants who had

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held for three years or more. The creation of a feudal and aristocratic system of land-holding by Great Britain in Bengal has been justly criticised. The system was, however, established almost entirely for reasons of administrative convenience, as it secured a comparatively small and responsible class of taxpayers.

In the province of Oudh, there existed, at the beginning of British rule, a local nobility, the talukdars. After the Mutiny the rights of this class over the land were acknowledged and fortified by the Indian government, while, as in Bengal, the rights of the cultivators were left without due protection. In terms, the latter rights were "reserved," but as they had to be proved by the claimant, while the legal presumption of ownership was entirely in favor of the talukdars, this reservation had no practical effect in safeguarding the occupancy tenure. The situation was somewhat improved by the law of 1886, which provides that the rental paid by the tenants can be enhanced only every seven years and then not by more than $6\frac{1}{2}$ per cent. A tenant who regularly pays his rent cannot be ousted and therefore acquires a legal occupancy right.

In the provinces of Madras and Bombay, ryotwari tenure is the prevailing system. The cultivator or tenant is treated as the owner of the land he occupies, and pays his land tax directly to the government. At first sight it would seem that the economic position of a tenant would be improved by this recognition of full ownership,

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as he can now share in the natural increment of value and is given the power to borrow money on the credit of his land. But to the Indian peasant, always living from hand to mouth, the sudden ability to get a comparatively large sum of money for his mere promise to pay and in return for signing a piece of paper, was too easy a road to enjoyment. The peasant gave feasts to his friends, hired elephants and camels for processions through the village, and lived in noble state until the day of payment came. Others, though less improvident, were forced to mortgage their lands through failure of crops or in order to be able to pay the land tax, which falls due in an equal amount in good and bad years. The rapid growth of indebtedness of the Indian peasantry has startled everyone, and it is now universally admitted that the agricultural masses of India will not be able unaided to protect themselves against complete expropriation. The rate of interest which they are forced to pay is most excessive; 24 per cent. is the average amount, but it often rises to double that figure at times of stress. Among the many suggestions for relief which have been made, those which deal with better credit facilities have already been mentioned. Others involve the limitation of the power of the peasant to alienate and mortgage his land and the protection of the indebted landholder against expropriation. The great agricultural distress in Bombay led to the passage of the so-called "Deccan Relief Acts" of 1879 and 1881. These

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acts provide that no land is to be sold for debt unless it has been specifically mortgaged, and that in the latter case the court may order the land to be cultivated for the benefit of the mortgagee for seven years, reserving the support of the debtor; at the end of this period the debt is to be canceled. While these acts have somewhat relieved the distress, the transfer of land to creditors has not been stopped, for the latter still finds means to get the peasants completely under their control.

In the provinces of Agra and the Panjab, the land revenue is based on the village community system. Notwithstanding the presence of the village organization, private property rights are recognized and a danger similar to that already noticed in Madras and Bombay threatens the cultivators. Through the labors of an experienced and statesmanlike civil servant, a solution of the difficulty has been attempted in the "Panjab Alienation of Land Act" of 1900. This act forbids all sale of agricultural lands by a peasant except to an agriculturist of the same village or tribe. Leases or mortgages are limited to a period of twenty years, except a mortgage under which the mortgagor continues to occupy the land at a rent not more than double the land revenue. The effect of this act will be eagerly watched. It restricts the liberty of the peasant to deal with his property, but as this liberty has in experience often proved to be the liberty to die of famine, it cannot be questioned that such curtailment is called for in the interest of the peas-

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ants themselves. As sale on foreclosure is forbidden by this act, one of the effects of the English law which has aroused the most bitter resentment among the natives is annulled; namely, the expulsion of a man from the holding of his ancestors through a strict enforcement of usurious contracts obtained from him through the sharp practices of village money-lenders. In Bombay, an act was passed in 1901 which provides that land forfeited to the state for non-payment of the tax may be granted out for short terms is non-transferable tenure. This act is another indication that the Indian government is beginning to doubt the wisdom of a completely individualized system of peasant property.

West African Land Law.—In West Africa a peculiar notion of property prevails among the natives. As far as any idea of landed property may be said to exist, it is associated either with the family or with the chieftainship (called in the native language, "stool"). The person in occupancy of land is therefore not looked upon as the owner; he holds it in trust for the family or the "stool" and he has no power to sell it. If he grants occupancy rights to others, no length of prescription will create the right of property in their favor, nor will lands pledged for indebtedness ever accrue to the creditor. A system of individualized property would do violence to the fundamental notions of West African law. The alienation of lands by the natives has, accordingly, been surrounded with many conditions and

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safeguards. in the European dependencies. In the protectorate of Lagos, chieftains may alienate land only with the consent of the governor, who will withhold permission if the land is to be used for purposes of monopoly or speculation. In the Gold Coast Colony, concessions by natives must be filed with the registrar for the court of the province, and notice must be given to the governor; there must have been adequate valuable consideration and the customary rights of all natives concerned must have been safeguarded.

In the Pacific Islands the interests of the natives in their land are strictly protected. The regulations issued by the High Commissioner for the Western Pacific provide that natives cannot sell land without the consent of the commissioner and then only for use in agriculture and for building lots; land which is not used by the purchaser in accordance with his agreement is forfeited to the original owner. Leases for more than a year also require the sanction of the High Commissioner. In Fiji an attempt was made in 1892 to introduce individual tenure in the place of tribal and communal ownership, but it was speedily abandoned on account of the nature of its first results.

In the German colonies the principle that the natives are not freely to dispose of their lands is strongly upheld. In some of the possessions, outsiders are entirely prohibited from purchasing lands from the natives. In the Marshall Islands there is a heavy money fine for an offense of this

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kind, and in the Mariana Islands the fine may even be reinforced by imprisonment. The laws of Kamerun provide that the conveyance of rural lands to non-natives must be approved by the governor. If lands are bought from the natives the conditions of purchase must be brought to the notice of the governor or of a designated official who must see that the vendor knows the meaning of his act and that, if communities or chieftains sell land, enough is left for the future needs of the natives. In such sales, special conditions as to cultivation may be imposed upon the lessee or purchaser. In the Marshall Islands the tenant rights of the poorer classes have been protected as against the land-holding chieftains.

Land-Holding in Java.—The Dutch, in their East Indian possessions, have been most careful to protect the native population against being driven from their holdings by money-lenders or European purchasers. During the brief period of English power in Java, Sir Stamford Raffles made an attempt to introduce individual property in land. But upon the return of the Dutch officials they immediately abandoned his system and reinstated their own, under which the lands of the natives could neither be sold nor leased to foreigners. The only way in which they could come into the use of strangers was through contracts by which the natives bound themselves to raise a certain crop on their lands and deliver it to the other party. But such contracts created absolutely no lien upon the land, even in case of a total failure

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on the part of the natives to perform. The capitalistic interests of Holland meanwhile demanded strongly that land in the Dutch Indies should be made alienable. But the government steadfastly resisted all attempts to introduce a radical individualistic policy. The law of 1870, however, makes the gradual development of individual property possible. Under this legislation the rights of the natives to their lands are fully recognized. The state may acquire land only for public purposes and in return for due compensation. The law permits partners in a village community to have the property divided, and it enables individual proprietors to obtain a written title deed and record of their holding. The natives have, however, made little use of these methods of obtaining individual property rights. In the first twenty-five years not more than ten thousand hectares were turned into "agrarian property," as the individual tenure under the law is called. The natives are not permitted to sell their lands to non-natives, but they have a right to make leases.¹ Lands held by individual inheritance tenure may be leased in terms up to twenty years; community lands, up to five years. Two-thirds of the members of the community must join in the agreement, and enough land must be left for the needs of the village. All leases are drawn up in the presence of the *controleur*, in the Dutch and in the native language, the latter version prevailing in case of conflict.

¹ This right was defined and safeguarded by a law in 1895.

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The government of the Philippine Islands has followed in the footsteps of the administrations of Tunis, Madagascar, French Congo, and Borneo, in adopting the Torrens land registration system (by Act No. 496, of November 6, 1902). The act follows the original system in most particulars. Registration is optional. Full notice to all possible claimants and to the public is required. The title deed, which is issued by the government, implies a complete guarantee of the property right. Upon transfer of the property a new title deed is entered on the books of the registry, a copy of which is delivered to the purchaser. An assurance fund accumulated from a slight tax imposed upon every registration is provided for, in order to indemnify persons who without their fault are injured by the operations of the act. Though customary native holdings will not be directly abolished, lands unregistered under the Torrens system will be dealt with, as is apparent from the language of the law, on the principles of allodial tenure, as far as possible. It is highly desirable, however, that the right of alienation and the creation of leaseholds by the natives should be surrounded with safeguards for the protection of the latter.

Methods of Acquiring Land for the Government.—The various methods by which colonial governments obtain control over lands may be grouped under four heads: (1) The government naturally falls heir to the native rulers whom it supersedes, and wherever these

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have a definitely settled domain the colonial government becomes the owner of it. Thus the British government in India has inherited the claims of the Mogul emperor to the ultimate ownership of the soil and to the direct control over the public domains and forests. The Dutch government in Java has similarly taken over the various property rights of the native governments which it has absorbed. In Algeria, the *beylik*, or domain of the Bey, was appropriated by the French government, as were the royal estates in Madagascar and the domanial rights of the emperor of Annam. (2) Lands may be obtained by direct cession of the native governments which are under the protectorate of a colonial power. (3) Lands may be taken from individual natives through forfeiture or by means of restricting native tribes to a certain reservation or cantonment. This method has been employed especially by the French, in Algeria and in Indo-China. Large tracts of land in northern Algeria were taken by the government after every one of the frequent native insurrections, on the claim of forfeiture on account of rebellion. Similarly, when the natives of Indo-China in large numbers left their villages in order to take refuge in the mountains during the Tongking war, the government declared many holdings forfeited and added them to the domanial property. The practice of "cantonment" has been used in Algeria. Upon the representation that the native tribes held more land than they needed for purposes of cultivation,

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an enactment was passed which enabled the government to confine each tribe within narrower limits and to take the balance of its land for public uses. This policy reached its height in the years between 1857 and 1863, when 61,000 hectares of cultivated land were taken from the natives. The shares of the natives thus cantoned were reduced to about five hectares per person and, as the tribesmen found this quota far too small for their needs, they attempted to buy back from the government and its concessionaries the lands which had been confiscated. This attempt conclusively proved to the government that the policy of cantonment was unjust and it was therefore abandoned. (4) The principle that unoccupied lands are the property of the state is fully enforced in the colonies and forms the chief basis for the acquisition of lands by the government. It is generally difficult to determine with exactness what lands are to be considered as unoccupied. In many of the colonies cultivation is rotatory, taking up different plots of ground in succession; or the natives use large forest areas for rubber gathering or hunting and extensive tracts of open land for grazing. The application of European ideas of property to conditions such as these, gives rise to much uncertainty and to improper interference with the customary rights of native communities.

Unoccupied Lands.—The legislation of the various colonies attempts with more or less precision to define the term “unoccupied lands.” For the

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French Congo the following definition has been established (1891): "Waste lands and abandoned lands in which no one can legitimately claim a right of property shall be considered as belonging to the state." In Gambia lands are held to be occupied "when it is proved that beneficial use thereof for cultivation or habitation, or for collecting or storing water, or for any industrial purpose, is or has been had during the life of any person claiming interest therein, or of the last immediate ancestor or predecessor of such person." In Ceylon, lands are considered unoccupied if they have not actually been cultivated or used for industrial purposes within a period of six years. A very important practical question occurs in connection with the proof of native holdings. Some forms of legislation demand that the natives shall positively establish the extent of their property and that everything not thus proven as belonging to the natives shall be considered part of the public domain. This policy was first employed in Algeria under an ordinance of the year 1846, which called upon the natives to prove their title to lands which they occupied. The natives, however, ignored this order completely and any attempt at enforcement would have resulted in the greatest injustice and in widespread popular uprisings. The administration, therefore, decided to take the other alternative and to establish its title positively by a survey of its domain lands. A law in Dahomey which demands that the natives shall prove their holdings

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is similarly a dead letter. For Kamerun, it is enacted that if villages or chieftains claim any lands, the attempt shall be made to adjust the matter amicably with them and to allow them all necessary lands; if such an arrangement is not possible, the governor in person is to decide the controversy. A special ordinance of the governor of German East Africa (April 29, 1900) provides that the natives are to be allowed only such land as they need for their rotatory culture and village communities. After any land has been occupied as crown land, natives who settle there are to pay a 50 per cent. increase on their hut tax. The law of German East Africa reads: "All land that cannot be proven to be the private property of a person or community is crown land." The system actually employed in the German colonies of East Africa and Kamerun, however, is to fix the extent of the crown lands by an inquest. A land commission composed of the local officials of the government and of the native headmen (*akida* or *jumbo*), is appointed in every district to determine the boundaries of the crown lands and settle disputes. In some of the German colonies the procedure of eminent domain may be used by the natives to obtain the restoration to them of lands necessary for their livelihood.

Concessions.—It is of prime importance for the speedy development of a colony that the territories which come under the administration of the government as a public domain, should be dealt out among individuals and corporations in such

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manner as to enlist the largest possible amount of enterprise and energy in the upbuilding of agriculture and industry within the colony. The principal points of view from which a concession policy may be regarded and with reference to which an opinion of its character can be formed, may be summarized as follows. In the manner of granting concessions, it is important to determine whether gratuitous concessions or the sale of land at auction or at a fixed price is preferable. Another alternative to payment presents itself in the policy of saddling the concession with various duties of a public nature, such as developing communication, assisting in the maintenance of order, and similar matters. The principal consideration in this respect is how to make concessions attractive enough to induce individuals and companies to seek them, while at the same time safeguarding the interests of the colony and allowing it to share in the future increment of value. We have also to examine the important question whether it is advisable to grant concessions conditionally and not to allow the concessionary to dispose of his interest until he has fulfilled all the conditions and has thus secured complete title from the government. The extent of territory covered and the duration of concessions are also matters to be carefully considered. In some colonies all concessions are limited in time and are assimilated to leaseholds, but most governments adhere to the policy of ultimately granting absolute property rights to the concessionary. The size of the

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concession will of course depend a good deal upon the character of the soil and of its resources. Extensive concessions are favored for forest regions, where exploitation is best carried on by large capital and on an extended scale, while rich agricultural lands are preferably granted out in smaller tracts.

The policy worked out by Wakefield and applied in Australia, according to which lands in colonies should be sold at a substantial price, is not directly applicable to tropical dependencies. The main purpose of this policy was to create a sufficient labor supply; the absence of free land would itself tend to cause the poorer classes to seek work on farms, and besides it was intended to use the income derived from land sales for the purpose of fostering the immigration of workmen. This part of the policy would manifestly not succeed in the tropics. The other principle of the Wakefield policy still has many adherents who believe that a sale bestowing complete property rights is far more attractive to the settler and capitalist than a concession hedged with conditions which involve an uncertain expenditure and which cannot be fulfilled for years. But in its original and characteristic form, the Wakefield system, though highly ingenious, could not furnish the basis of a land policy for the tropics.

It has been the steadfast policy of the Dutch colonial government to reserve enough land for the expanding needs of the native population. According to the customary law of Java, any

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native who clears land is entitled to possession of it unless it be the property of a village community. A large area of land which is undoubtedly suitable for agricultural purposes is still in the hands of the government, and the latter is not at all anxious to dispose of it in haste. The concessions of land to non-natives are limited to leases for a period of seventy-five years (*emphyteusis*). The lease is sold at auction, but the intending lessee may select a certain tract to be put up, in which case, however, he must pay the cost of surveying. The lands conceded are exempt from rent for the first six years, and from taxes for the first ten. Before 1816, land was sold outright to Europeans, and over one million acres are now held under titles acquired at that time; but since the year mentioned no permanent grants of land have been made by the government to Europeans. The total land ceded in *emphyteusis* amounted by the year 1901 to slightly over one million acres, or one-thirtieth part of the area of Java and one-ninth of the cultivated territory. These concession tracts are all located in the highlands, where practically no cultivation had existed before. They are suitable for coffee, tea, and cocoa culture; and as European capital develops them, it is adding absolutely to the wealth of the colony, because it does not displace and oppress native industry by superposing a landlord class upon the native peasant tenants.

In Algeria the first concession policy, laid down in the decrees of 1841 and 1851, limited grants to a

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maximum of 100 hectares. The grants were provisional and could not be freely sold or mortgaged¹ until the conditions of tenure had been fulfilled and the title had matured. Though the concessions were gratuitous, a substantial cautionary sum (10 fr. per hectare) had to be deposited with the government. Much dissatisfaction with this system was expressed because the colonists encountered many difficulties in pledging their land as security, even after they had done considerable work upon it; as they often had no other security to give for advances, it was urged that the development of the country was retarded by making the conditions for a complete title too arduous. In 1860 the system was changed, and the land was put up for sale at a fixed price or at auction. This was a part of the general policy of the Empire at that time, which aimed at protecting the natives and solving the native question, before encouraging a great flow of immigration. In 1871 the Republican government returned to the earlier concession policy; colonists could hypothecate their land, but the lien attached solely to improvements until the title had matured. There was a great demand for concessions, and in 1883 it was proposed to make a forced purchase of land from the natives under the forms of eminent domain. This proposal, happily for the good name of France and the wel-

¹Under the earlier decree, a special mortgage could be authorized by the administration. Under the later, the colonist received a title defeasible for non-performance of the conditions imposed.

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fare of the natives, was not accepted by the government; it was recognized as being too open an attack upon native property rights.¹ According to a decree of 1878, one-third of the public lands available for concessions are reserved for grants to colonists already in Algeria, while two-thirds are given to those coming in from France or other countries. The policy of this measure is to attract larger numbers of colonists to Algeria, and to prevent the accumulation of real property in the hands of persons already there settled.

Indo-China, like Java and Ceylon, has a rich and promising hill country, which has scarcely been touched by native cultivation. It would therefore have been practicable for the Indo-Chinese government to confine European concessions to land not as yet used for native cultures. But through a desire to attract colonists, lands temporarily abandoned by natives in time of war were frequently granted out to Europeans. When the refugees returned from the forests to which they had fled they found a French concessionary in possession. In order to be able to live on their ancestral acres, they were forced to become tenants of the new landlord and share the

¹ The holdings of European colonists in Algeria amounted in 1878 to one million hectares. From that time to the year 1903 they have risen to 1,500,000 hectares of cultivated land. As there are 189,000 European colonists (men, women and children) in Algeria, the average per head is slightly under eight hectares. The native holdings of cultivated land amount to 6,161,000 hectares, or about $1\frac{1}{2}$ hectares per head of the population.

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produce of the soil with him, on the *metayer* system. It is apparent that a procedure of this kind is not calculated to increase the wealth of a colony. Where the concessionary is made the owner of highly cultivated lands, with a well-trained labor population at hand, he will lack the incentive to invest much money in improved methods of agriculture and in machinery; he will find it easier to share the results of the work done by the natives, himself adding little or nothing to the wealth and welfare of the country. The function of European capital and of concessions in the colonies is quite different from this; it is to introduce new cultures and to bring under cultivation territories not yet cleared by the natives. The policy of superposing new landlords upon a native tenancy could be defended only on the ground that through the introduction of improved methods they would render the labor of the peasants more productive, so as to leave the natives better off than they were before. It is, however, under any circumstances an unwise and dangerous policy to allow such a superposition. Of course not all of the French concessions are of this nature; they include also grants of large tracts which had not before been under cultivation. Nor do the concessionaries always have the delightful road of ease and abundance to travel; they often find it difficult to induce tenants to come upon their lands and work for them on the profit-sharing basis or as wage laborers. Even after they have fitted out a group of tenants with

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implements and beasts of burden, they are not assured of a labor supply, because the tenants often change their minds and quietly remove to some other locality. Many a concessionary has given up the battle, recognizing that he lacked the experience of local conditions necessary to render his undertaking successful. The concessions grew remarkably in extent and numbers under the administration of Governor Doumer. By the year 1896, 288 concessions had been granted, covering an area of 65,000 hectares. In 1901 the number had risen to 717, comprising 357,500 hectares. This represents an increase in area of nearly 500 per cent. in five years. The laws of Indo-China require that at least one-twentieth part of the land ceded must be placed under cultivation within five years. Concessions not thus developed are forfeited, and the laws of forfeiture are rather strictly enforced. Thus in 1904, 26,000 hectares were taken back by the state for non-fulfillment of conditions.

The government of British India has at its disposal a great area of so-called waste lands, which under the laws for the various provinces as promulgated in 1865, may be granted out to individuals. The original concession is in the form of a term of years, but this lease may ripen into full ownership if a certain proportion of the land has been brought under cultivation within a specified time. The rules also usually make a distinction between extensive grants, suitable for the purpose of plantations in which large amounts of

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capital are invested and agriculture is carried on in an industrial manner, and smaller concessions adapted for individual gardens or farms. The British government has been careful not to grant to foreign concessionaries any lands already effectively occupied by native cultivators. Foreign capital is required to make itself useful by developing lands hitherto not utilized. The same policy has been followed in Ceylon. The great tea estates, which constitute one of the world's most important agricultural industries, are situated in the highlands, which were formerly a wilderness untilled by the natives or at most sporadically invaded by the destructive and temporary mode of clearing called *chena* burning.

The Congo Concessions.—The concession policy of tropical Africa has been given an entirely original turn by the methods of exploitation used in the Congo Independent State. Immediately after the creation of the State in 1885, the government announced that all unoccupied lands would be looked upon as belonging to the government. But this well-known principle was given a very unforeseen development after 1890. In that year the Congo State obtained from the European powers the right to tax imports up to a maximum of 10 per cent., and feeling its existence somewhat more secure, it launched forth into its famous exploitation policy. In 1891 a decree was issued to the commissioners of the northern districts, calling upon them to use every effort to secure the domanial products for the State. In carrying out

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this decree the district officers ordered the natives to bring the forest products to the warehouses of the State and they also announced that merchants who henceforward should purchase rubber or ivory from the natives would be dealt with as having received stolen goods. In 1892 the Congo State was divided into three zones. The northern portion was set apart as the private domain of the state (*domaine privé*); within it all individual enterprise was strictly forbidden, and the natives were forced to deliver all the rubber and ivory which they were able to procure in the forest, to the agents of the government. In the second, or southeastern zone, private enterprise and private acquisition of land were forbidden until further ordinances respecting them should have been made. Such ordinances were, however, never issued; the zone remained effectually closed to private trade and became the field of operation of the Katanga Company, in which the government is interested and out of the profits of which it takes a two-thirds share. The third zone, the southwestern part of the State, was avowedly left open to private enterprise. But the conditions laid down for trade were so onerous, the taxes were so heavy, that only such companies as could secure special concessions and privileges found it possible to carry on business in this region. In the year 1901, fourteen of these companies were consolidated into a large trust, the Kasai Company, in which also the State is the largest participant. By a special agreement the Kasai Com-

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pany is given the exclusive privilege of exporting forest products from this region. The State takes one-half of the profits of the trade. Regulations for the sale of land in this zone have been issued, but the terms are made so difficult and the area within which sales are actually allowed is so small, that only a very inconsiderable number of transactions of this kind are to be recorded. The situation in the Independent State is therefore practically as follows. The State, either directly or through privileged companies, in the profits of which it has a large share, exploits the forest wealth of its territories. Individuals or companies who have not been favored with the grant of special privileges find it impossible to carry on commerce under these conditions, and the old established houses which formerly dealt most heavily in the native products of the country have gradually been forced to withdraw.

This concession policy has been attacked by publicists on the ground that a monopolization of the soil and its products interferes with the provisions of the Berlin General Act of 1885, which requires that the commerce of all nations shall enjoy perfect freedom and that none of the powers that exercise sovereign rights in the Congo region shall ever establish "monopolies or privileges of any kind which relate to commerce." In answer to this it is urged by the defenders of this policy that the state has an acknowledged right to appropriate unoccupied lands, and that it can exercise an absolute dominion over them.

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It may retain them for its own use or it could grant them to whomsoever it pleased, in large or small tracts. The natural products of the soil belong, not to the natives who gather them, nor to the merchants who purchase them, but to the owner of the land. He can therefore prohibit the natives from gathering these products and from selling them to merchants. They must be brought to authorized warehouses, for in this manner alone can the proprietor draw profit from his estate. Although it is readily conceivable that a legal institution may be put to new and unexpected uses, it is nevertheless apparent that the institution of public land, as known to civilized jurisprudence, does not include the consequences drawn from it by the jurists and administrators of the Congo State. It is true, the state may appropriate waste and unoccupied lands; and it may dispose of these to individuals. But the public law which has established these principles has also held to the fundamental rule that a domain of this kind must be looked upon as a trust administered for the whole people. No civilized state has heretofore excluded all private enterprise from such a domain. No civilized state has ever confined the use of this public property to certain favored monopolistic companies. Such a domain ought to be regarded as a public trust for the inhabitants of a colony, and for persons who desire to come there in order to make their home in a new region or to develop its resources—that is the proper concep-

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tion of this institution according to an analysis of the systems from which the Congo Free State has borrowed its juristic arguments. The Congo State has turned what should be a public trust into the instrument of altogether destroying individual enterprise and of turning the whole volume of business into channels dominated by favored companies.¹

In the Congo State the policy of large concessions has led to a ruthless exploitation of the natural wealth. It is true, the laws of the state require a systematic replenishing of the forests, and the state agricultural stations are doing a fairly effective work, but the rage for quick profit is so great that a terrible pressure has been put upon the natives to force them to gather the natural products in large quantities. In order to avoid fines and punishment they therefore seek only to gather rubber, without any thought of preserving or replanting the productive vines. Millions of acres have thus already been robbed

¹ Among the many regrettable consequences which this policy has brought with it, not the least is the introduction of stock gambling into colonial administration. On account of the peculiar methods of exploitation employed by the government and its favorite companies, many of the latter were enabled to pay enormous dividends. Thus the Abir Company in 1901 declared a dividend of 900 francs on its shares of a par value of 1,000 francs. The stock at this time sold in the market for 25,000 francs a share, while the capital originally paid in was the 125th part of this, or 200 francs. Similar instances were common. This almost fabulous increase of value led to a vast amount of stock speculation. Inflated issues were put upon the market, and when, shortly after, the day of reckoning came, millions were lost. Money which was intended for colonial investment thus found its way into the pockets of the successful speculators.

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of their productivity for decades to come. The disastrous consequences of this system upon the condition of the natives will be touched upon in the next chapter.

The concession policy of the Belgians in the Congo Free State has had a potent effect upon the neighboring colony of French Congo. In 1898 powerful interests began to press for large concessions in that colony. A Commission of Colonial Concessions was created in that year, and in 1899 the policy of large land grants was initiated. Before the year was ended 42 companies with 60,000,000 francs of nominal capital had been organized, and very nearly the entire area of the colony had been granted out in concessions to these newly formed corporations, in most of which Belgian influence was more or less prominent. This was done regardless of the fact that the Congo colony was neither surveyed nor even superficially explored, and that an accurate delimitation of the concessions was therefore impossible. Very few men were at all familiar with the interior regions of French Congo, and for any definite information the concessionaries had to rely chiefly upon Belgian employees of the Congo Free State. The concession legislation which was worked out at this time by the French government provides for private and auction sales, but chiefly for gratuitous concessions. Grants of less than 10,000 hectares may be made by the colonial government; if a larger area is desired, a ministerial decree is necessary. The concessions

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are limited in duration to a period of thirty years, but such lands as have at the end of that time been put under cultivation become the absolute property of the concessionary. Lands will be considered as under cultivation if one-twentieth of their area has actually been planted to rich cultures, or one-tenth to food grains. During the thirty years of the leasehold the company pays to the government a share (15 per cent.) of its net proceeds. It is further provided that for every ton of rubber which has been harvested, at least 150 rubber plants shall be set out. The concession companies are required to provide for steamboat transportation on the navigable rivers, and to permit the government to make use of this service for military and postal purposes.

None of the forty-two concessions in French Congo is less than 10,000 square kilometers in extent, while the largest covers an area of 140,000. Altogether 750,000 square kilometers were thus granted out, or nineteen-twentieths of the total area of this dependency. It would be difficult to imagine a more reckless policy of disposing of public lands, than to grant out an empire of this size to forty concessionaries in a few months, entirely excluding all others who did not happen to bring their influence to bear immediately. As a matter of fact, the companies have thus far done very little towards the development of the colony. Most of them suffer from an inadequacy of funds, having entered upon the undertaking in the belief that a harvest of gold

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easily gained through the labor of the natives would soon make good the financial importance of the company. Those who took up their work found great difficulty in locating their concessions in the impenetrable wilderness of African forests. When located, many of them turned out to be composed of absolutely worthless marsh lands, or they were too remote for profitable exploitation. The quotations of the securities of these companies were largely nominal, and actual dealing in them was confined to a small number of stocks, although there was a great rush of promoters.

The French government in 1902 appointed a special commissioner for the concession companies. Many complaints had been made by these latter that the conditions imposed by the government were too arduous and that the government itself should, after the manner of the Congo Free State, assist the concessionaries in drawing profit from their holdings. They urged that a native army should be created, and that the natives in general should be forced to gather the forest products for the concessionaries. It is to be hoped that the French government, always ready to assist colonies, will not go the length of introducing the forced labor system of the Free State. The mammoth concession policy is apparently doomed to hopeless failure, and a more solid system must take its place. The legislation created for the French Congo has by decree been extended to the French colonies of West Africa; but concessions of over 10,000 hectares have not

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been granted as yet, and indeed the extensive use of large concessions is rendered impossible both on account of the constitution of native property and on account of special treaty obligation towards Great Britain, which forbid the monopolization of trade after the manner of the Congo Free State.¹

In general, French colonial concessions are granted provisionally upon condition that a certain amount of development work shall be performed. The question whether the title to concessions can be transferred, is answered differently in different colonies. In the French Congo a transfer may be made with the consent of the government, which is withheld when it is apparent that a mere accumulation of land is sought after. In Madagascar, concessions can be transferred only after all the conditions are fulfilled. In the latter colony concessions up to 100 hectares are gratuitous, while larger tracts are sold at a fixed price. In French colonies a distinction is made between the *domaine public*, composed of lands held inalienably by the state for public purposes, and the *domaine privé*, or public lands which may be alienated to individuals.

The legislation in force in the colony of Kamerun may be taken as a fair example of the German colonial land systems. It is enacted that whenever crown land is reserved, the natives shall be left a sufficient area for their future needs.

¹ In Guinea and Senegal, the maximum of grants is fixed at 5,000 and 10,000 hectares respectively.

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Concessions of crown lands are granted upon condition that a certain portion of the land shall be cleared and cultivated within a specified time, that buildings shall be erected, and other works of development begun. Punishment for non-fulfillment of these conditions is forfeiture of the concession or a fine. The policy of large concessions for a time predominated in Kamerun. In 1898 there was formed at Brussels the Society of South Kamerun, which was successful in obtaining an enormous concession of 7,000,000 hectares, or 27,000 square miles. In 1899 the Society of Northwest Kamerun, formed in Berlin, obtained an even larger tract. The conditions attached to the grant are that the company must spend three million marks in development within ten years, and that the government is to share in the benefits of the enterprise. It is not likely that the German government will grant any further concessions of this size. On account of its rights as a pioneer, the German East Africa Company was granted in 1890 extensive land concessions along the coast and along railroads to be constructed up to the year 1935. Moreover, the company receives one-half of the government's income from land rents and from mine royalties.

The land policy for British East Africa was fixed by the Crown Lands Ordinance of 1902. It comprises three classes of concessions adapted to the needs of the small native peasant, the farmer, and the planter. Lands will be granted either by long lease, or by sale, or by license for temporary

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occupation. The latter form is used in the case of natives or other non-Europeans. It is really a lease from year to year, requiring three months' notice of cessation; not more than five acres are thus to be held, and a moderate rental is paid. The rules for the purchase of lands are as follows: 160 acres may be purchased for each homestead, and each purchaser may have 480 acres more, if within three years he has brought three-tenths of the original land under cultivation. The purchase price is paid in sixteen annual installments of two *annas* (4 cents) per acre. The land must be occupied within a year. When all conditions have been fulfilled a deed is granted, but before this the purchaser cannot assign his interest without the consent of the government. Long leases may be granted to larger tracts, but they are limited to the period of 99 years. They must not encroach upon the native holdings, and cannot be transferred without the consent of the government. The leaseholder must assist the public administration in opening up the country, in building roads, and contributing in general to the establishment of good government. It is further decreed that ten per cent. of the land is to be kept as permanent forest. In regions where there is no forest at all, two per cent. of the land is to be planted to forest trees. The East Africa ordinance is the most recent and most complete attempt to solve the question of colonial concessions. Large concessions are granted only in the form of long leases, while outright sales are con-

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fined to such tracts as are suitable for individual farms or plantations. Moreover, a very useful system of native leasehold tenure is provided. Altogether this ordinance may well be used, if not as a model, at least as a means of comparison for colonial land policies. The Transvaal Crown Lands Ordinance provides that lands may either be leased in small parcels for five years, or sold for cash, the payment being made in sixty semi-annual installments.

The public land system in the Philippine Islands is modeled partly upon the homestead laws of the United States.¹ Any citizen of the United States or of the Philippine Islands may enter a homestead of not exceeding 16 hectares of agricultural land; after five years of continuous residence upon, and cultivation of, the land a patent is issued to the occupant. Portions of the public domain may also be sold to citizens or corporations of the United States and the Philippine Islands, but not in tracts exceeding 16 hectares for an individual or 1,024 hectares for a corporation; the area limit was fixed by Act of Congress and is not favored by the Commission itself, which considers it too small for plantation enterprises. The land selected by the applicant is to be appraised by the Bureau of Public Lands, but not at less than ten Philippine pesos (\$5) per hectare, and is then put up at public auction. Provisions are also made for the lease of public

¹ Act 926 of the Philippine Commission, 1903.

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land at a minimal rental of fifty centavos per hectare and per year.

Mining Concessions.—Mining concessions are derived directly from the government wherever the latter has assumed and reserved the property right in all minerals, as is the case in Rhodesia, the French colonies, and German East Africa. In the British West African protectorates and in Nigeria, on the other hand, concessions must be obtained by grant from the native chiefs in the form of leases. In these latter dependencies, a concession for gold mining must not exceed five square miles, and no person or company is entitled to hold concessions aggregating more than twenty square miles; the concessions cannot be granted for more than 99 years; and it is provided that a share of the profits be paid to the government, outside of the concession price paid to the chiefs. In Ashanti the contract of cession can be entered into only before a Resident, who must ascertain whether the grant is well considered and whether the chiefs are ready to coöperate in securing a supply of labor.

In the French and German colonies prospecting can be carried on only within a definite location.¹ If gold is found a smaller exploitation concession is fixed within the original area. This is not to exceed 800 hectares in West Africa and one square kilometer in Madagascar. The mines pay a tax computed according to acreage and also

¹ In Madagascar a circle of a radius of two kilometers; in West Africa five kilometers; in German East Africa a quadrangle of 200 x 400 meters.

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a percentage (5 per cent.) of the gross value of the product. In Rhodesia prospecting may be undertaken both on public and on private land. The prospecting license is not confined to any definite tract, and it gives the right to peg off ten reef claims (1,500 feet x 600 feet), or a tunnel location, or an alluvial claim. No limitation is imposed on the number of claims to be held by any person or company. The British South African Company originally reserved to itself a half interest in all claims; in 1902 its share was reduced to 30 per cent. In the latter year 107,586 claims had been registered in Rhodesia, of which 2,018 were productive. It is an all but universal rule in colonies that government officials shall not be permitted to have any interest whatever in mining claims or concessions.

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CHAPTER IX

THE LABOR QUESTION

Both commercial and industrial interests in the colonies demand that the capacity of the natives for work should be fostered. Life in the tropics is so easy, necessities are procured with so little exertion, that the natives have not generally been accustomed to steady toil. Where regular agricultural work has been done it has often fallen on the shoulders of the women, especially among the tribes of the southern half of Africa. But if the plantation and mining districts in the tropics are to be developed, the native males will have to become accustomed to work more regularly and with greater energy than heretofore. Their natural capacity and inclination to work being subject to doubt, a large variety of methods have been suggested by which habits of industry among them might be artificially fostered. We shall take up first a discussion of the methods which have been employed in the colonies for this purpose, and then consider in general the question as to how far artificial means of encouragement are necessary and advisable for bringing out the full working capacity of native populations.

Indirect Methods: Taxation.—The most favorite indirect method of inducing natives to work

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at least for a portion of the year, is to levy a hut tax or poll tax to be paid in money, which the natives must obtain by working for white employers. The hut tax as used in Rhodesia, Natal, Transvaal,¹ and other South African colonies, and recently introduced into the colonies of East and West Africa, is generally intended for this purpose, especially where it is large in amount. An impost of one or two pounds sterling a year, considered purely as a tax, is entirely out of proportion to the financial ability of the ordinary native, in relation to his general property. It is, however, not intended merely to operate as a tax, but as a method of obliging the natives to work regularly.² Another method of using the machinery of taxation for the purpose of obtaining a labor supply, is the system introduced in South Africa through the Glen Grey Act of 1894. According to this act, all adult natives who are not landholders must pay a tax of ten shillings a year, unless they can show that during the last year they have spent at least three months outside of their reservation engaged in regular service or employment. After thirty-six months' work has been performed, they are excused from the liability to further taxation.

Vagrancy Laws.—Another indirect method of

¹ In the Transvaal every adult native pays a head tax of £2, and a further tax of £2 for every wife above one. See p. 139.

² The introduction of a high hut tax into West Africa has been seriously opposed by many expert authorities. They have confidence enough in the West African negroes to believe that even without this artificial pressure they will soon furnish sufficient labor.

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increasing the labor supply is the application of European vagrancy laws to colonial possessions. After slavery had been abolished in the old French colonies, it became necessary to make some regulations in order that the labor supply might not entirely fail. After their long training in the school of slavery, the freedmen were desirous of getting thoroughly rested up. The legislators had recourse to contract labor laws combined with penal provisions against vagrancy. The term "vagrant" was defined so as to embrace all persons who were not landholders or artisans regularly employed in their trade and who could not prove that they were engaged upon a labor contract for at least one year, or carried a *livret*, a book showing their continuous labor engagements. The same system was introduced in Madagascar by the labor legislation of 1896. In a similar manner the Germans have attempted to enforce the European vagrancy laws in some of their African colonies. In neither case, however, has this attempt been successful, as it proved difficult to enforce penalties for "vagrancy." In the French Antilles the freedmen sought to secure a little patch of ground and thus became landholders, whereupon they rested content with raising only what was absolutely necessary for their existence. In the Dutch colony of Surinam, this reversion to a banana-patch civilization was foreseen by the legislature when slavery was abolished; emancipated slaves were therefore forbidden to cultivate bananas, and existing banana

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trees were destroyed in large numbers. An original method of changing the employment of natives and turning them towards agriculture has been applied in German East Africa. Since the natives frequently use employment as carriers as an excuse for loafing, a tax of one rupee per trip has been imposed on every carrier, while for transporting goods by wagon or pack animals no such tax is levied. This impost serves several purposes; it encourages the use of beasts of burden, it provides a fund for road-building, and it places the carriers under a disadvantage, so that they may be induced to seek employment in agriculture.

Expropriation.—When natives are deprived of the lands from which they have thus far derived sustenance, they are obliged to seek employment upon the plantations of colonists in order to make a living. In this manner a considerable number of the natives of Algeria were reduced to the position of proletarian laborers, after their lands had been subdivided, or confiscated on the ground of forfeiture for rebellion against French authority. The most flagrant modern instance of this method is furnished by the Congo Free State. When the government carried out its policy of claiming all unoccupied lands, it practically engaged in a wholesale expropriation of the natives from territory which they had in one way or another utilized before the coming of the Belgians. These lands—now embraced in the state domain, or in the concessions of privileged companies—

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upon which the natives had gathered forest products and which they had used in rotatory cultivation, had always been regarded by them as their communal or tribal property. Being deprived of the right to gather forest products for themselves, they are perforce driven to work for the state or its concessionaries.

Labor Contracts.—The principal method by which natives are induced to work and are retained for long periods of time as employees, consists of contracts provided with a penal sanction. Contractual obligation is itself, of course, in harmony with the most individualistic liberty. If laborers are permitted freely to choose their employers, and to bind themselves only to those provisions with respect to wages, length of service, and kind of work, to which they freely consent, no diminution of liberty can be said to take place. But a contract of this kind, looked upon merely as an institution of the civil law, is not sufficient for the purpose of keeping the native laborers steadily at work. Should they break their engagement, the employer demands a more sufficient remedy than a judgment of damages, which would in most cases be valueless. A penal clause is, therefore, added to these contracts, so that in case the laborer fails to perform his part, or performs it in a careless or inefficient manner, he may be punished, and will not be subject merely to a judgment of damages.

In many regions a system of credit bondage has grown up. Advances are made to laborers

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by employers at the time of the hiring, and the former are then obliged to work off the debt which they have thus incurred. When they have succeeded in paying off the first debt, they have usually, through their want of foresight, become indebted anew to their masters, so that they are gradually forced into a position of permanent dependence. Rubber gatherers along the upper Amazon are usually held in this form of serfdom by the merchants on the river. The Mexican planters use the system of advances in order to acquire a labor supply, and the laws of the state oblige the laborer faithfully to work off his indebtedness. In case of his failure to do so, he may be drafted into the army, which is looked upon as an unwelcome alternative by the *moso*. In Java this system was in existence before the coming of the Dutch, and it has maintained itself there in a modified form down to the present. It was also formerly used in the Philippine Islands. As in these countries employers find it practically impossible to secure laborers without advancing a large sum of money, the planters have some cause to demand efficient means of holding the laborer responsible; otherwise it would be a very easy matter for him to take up several engagements at the same time with no intention of keeping any of them.¹

¹ Credit bondage is prevented in German East Africa by the provision that the employer is not to advance goods or money to the laborer exceeding in value the amount of one month's pay. Goods furnished beyond this amount cannot be recovered, nor the purchase price sued for.

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In the Dutch East Indies, the nature of the penalty attached to the breach of a labor contract was changed in 1879. Before that date such a breach was punishable by fine and imprisonment; but the law of 1879 restricts the penal sanction by providing that "whoever, with the purpose of defrauding a master or employer against the law, has received money or the value of money by way of advance for work which he has failed to perform, shall be punished with forced labor, for from one to six months." The penalty provided in this law applies therefore only to those cases in which it can be proved that, at the time of entering into the contract, the laborer had a fraudulent intent; if he actually enters upon the employment and leaves it later for some other cause, without fulfilling his engagement, he cannot be prosecuted in a criminal action. The law also provides that penal actions against laborers must be brought before the regular criminal court and not before police magistrates.

In most of the other colonies where the penal contract exists, punishment is incurred by any breach of the contractual obligations, not simply by entering into it with a fraudulent intent. The punishment consists of the loss of money or wages and of imprisonment; in some colonies even flogging is resorted to. In the German colonies of New Guinea, East Africa, and Kamerun, the latter is a regular method of punishing breaches of labor engagements. Thus an ordinance of 1900 for New Guinea provides that col-

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ored laborers who are guilty of breach of duty, laziness, insubordination, or escape from their place of work, may be punished by fines, solitary confinement, and corporal punishment. The punishment cannot be imposed by the employer, but only by an official authorized to judge in disciplinary matters. Flogging is limited to twenty-five lashes, and must be inflicted in the presence of an official or of a European specially designated by such official.

For the protection of the natives the labor contracts are by legislation surrounded with a large number of safeguards. The contract must ordinarily be made in the presence of some official or other specially authorized person. As an illustration of the various provisions usually made, we may take the ordinance of the governor of Kamerun, of February 14, 1902. This measure provides that recruiting of laborers can be undertaken only after written permission has been obtained from the government. This permission will be confined to definite regions, a definite number of laborers, and a limited time. Permission can be withdrawn for any reason of public policy. The employer must furnish the government a full list of all laborers recruited. Contracts must be in writing, and their contents must be explained to the natives by an interpreter. The contract must contain provisions on the following points: (1) nature of the work, (2) locality, (3) duration of the contract period, (4) length of the labor day, (5) amount of pay, (6) nature

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of food and lodging, (7) care in case of sickness, (8) provisions for return home. It is required that the labor day is not to exceed ten hours, and that payment is to be made only in German coin. Medical care is to be provided by the employer, who must also pay the cost of the return of the laborer to his home. For the supervision of the relations between laborers and employers, labor commissioners are appointed in the various districts. They are to exercise special control over the housing and general care, the pay, the treatment, and the transportation of the laborers. They have at all times the right of admission to the plantation, and must also be ready to hear complaints of the laborers. A labor commissioner also has the right, upon complaint of the employer, to order disciplinary punishment of offending laborers.

Contract labor has been in use in the Assam tea regions of India since the creation of the tea industry. The period of the contract is limited to four years, and detailed regulations with respect to the protection of laborers are made. Meanwhile unlicensed or uncontrolled recruiting has been going on alongside of the regulated system, but this form of hiring has been discouraged by the local governments which, under an act of 1901, have the power to interfere. In 1900 the total number of laborers who entered Assam under contract was 62,733. The figure was unusually large on account of the famine in India,

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which drove many natives of central India to seek a livelihood in this manner.

The South African colonies and the Gold Coast Colony also use the penal contract system. In the diamond mines of Kimberley, the escape of the natives and the illicit dealing in diamonds are prevented by imprisoning the laborers in compounds during the entire period of their contract. On the whole, the administration of the compounds has been efficient, so as to reduce the dangers of the system to a minimum. In Natal labor agents must take out a license, and all contracts with the native laborers must be registered. Wages are to be paid in full without deduction for objects that may have been furnished the workmen. An act of 1902 contains the provision that "togtmen" (native day laborers) must register and reside in a special compound. In British New Guinea, too, labor touts are required to have a license; and it is provided that natives shall not be taken more than twenty-five miles from their home. The obligations of the engagement are distinctly specified in the law, and the contract may be annulled by the magistrate for cause. In the French Congo a decree of 1903 regulates the labor contract. It must be concluded before an agent of the administration in the presence of the laborers. The conditions must be recorded, and it must contain full terms as to payment and care of workmen, length of the working day, and adjustment of differences. The contract period in the Congo Free State is unusu-

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ally long, being seven years. The punishment for breach of the engagement is a fine up to 500 francs and imprisonment up to six months.

Imported Contract Labor.—An important traffic has grown up in the recruiting of contract labor from beyond the boundaries of the colony. In order to preserve their own labor supply, many colonies have forbidden the exportation of laborers except under special conditions. In the German colonies the explicit consent of the imperial commissioner is necessary. In the Congo Free State and in the French colonies of West Africa, the recruiting of native laborers requires a special permit of the government, and if they are to be exported from the colony this license is granted only temporarily. In the Ivory Coast Colony a tax of 25 francs per head is levied upon each laborer exported and the government of French Congo has established the high passport rate of 100 francs. In Lagos no native labor is to be engaged for service outside of British dominions without the express sanction of the Secretary of State for the colonies and the chief of the district. In Northern Nigeria the consent of the High Commissioner is required.

The principal sources of contract labor supply have thus far been India and China. Although the natives of India do not compare in physique with the people of many other tropical colonies, they have been trained to continuous labor and are therefore in great demand where steady work is required. When slavery was abolished in the

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English and French tropical colonies, the freedmen showed little desire to continue work on the plantations; consequently the system of importing labor from India was resorted to, and it has been in use ever since. It has also been introduced into parts of Africa, in localities where the native population is unwilling to do continuous work. On the whole, the system has resulted in the greater productivity of the colonies in which it is used; at least when they are compared with other colonies with respect to production for export, they make a far better showing. Although the wages of the Hindu coolies are low (25 to 50 cents a day), they manage to save a large part of their earnings, and upon returning to India, they bring with them considerable quantities of silver in coins, ornaments, and specie.¹ In their new surroundings the Hindu coolies keep up their customs and their outward mode of living; the caste system is preserved, and though they work with the negroes, they do not have any social relations with them.

The recruiting of coolies is carried on under the special supervision of the Indian government. Emigration is permitted only from the ports of Calcutta, Madras, Bombay, and such others as may be specially designated. The following colonies are entitled to obtain coolies from India: Mauritius, Jamaica, British Guiana, Trinidad, Natal, Fiji, Dutch Guiana, South Africa, and sev-

¹ Thus, for instance, in 1900, 1,145 laborers returning from British Guiana brought with them 150,000 rupees.

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eral small West Indian islands. Indian coolie laborers were also used by the British government in the construction of the Uganda railroad in East Africa; over 20,000 East Indians were employed, as the local natives could not be relied upon as workmen. Formerly the French colonies of Reunion, French Guiana, and the Antilles also received contract laborers from India, but as they failed to live up to the conditions laid down by the Indian government, with respect to the care of the contract laborers, the privilege was withdrawn.

The colonies receiving Indian coolies are required to have agents of immigration, who act as protectors of the immigrants. They distribute the laborers among the various employers, and look after their interests during their stay in the colony. The powers of an agent of immigration, as defined by the law of 1891, are as follows: He is empowered at any time to enter the plantations in order to inspect their general condition and to investigate into the treatment of the contract laborers. He is to hear complaints and lay information against employers before the magistrate of the district. It is his duty to act as adviser of the laborers in case an action comes to trial. Under the provisions of the Consolidated Immigration Ordinance of 1864, the employers are required to furnish suitable dwelling houses and hospital accommodations for the laborers, as well as medical attendance in case of sickness. The wages must not fall below the scale paid to non-

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indentured laborers and no deduction is to be made for any of the accommodations required by the law. The laborers are required to work five days per week; the work-day lasts seven hours when the men are employed in the fields, and ten hours in the factories. After serving five years under a contract, and afterwards remaining five years longer in the colony, the laborer is entitled to free passage back to India. This legislation so carefully safeguards the rights of the laborers, and the British officials in the colonies where the system has been used have on the whole been so efficient in their enforcement of its provisions, that fair dealing and good treatment has in most cases been assured to the contract laborers. Nevertheless, as we shall see later, the system in general cannot be considered an unqualified success. The exportation of Chinese coolies is by treaty made subject to the supervision of the consular officers of the various powers in China. Moreover, the individual colonies in which this labor is used in all cases provide a protective service for the Chinese. The system has been used chiefly in the Straits Settlements, in Sumatra, in British Guiana, and lately in South Africa. Through the immigration of Chinese, the population of the Straits Settlements and of the Federated Malay States is rapidly changing in its character, and the Chinese are fast becoming the preponderating element. They are ready to do the hard work upon the plantations and in the mines, and in frugality and industry they are far

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superior to the native population. For the supervision of this contract labor the government has established a protectorate of the Chinese immigrants. The laborers are brought in by brokers and are detained in a compound until they have been hired out to contractors. By law the contract is limited to two years. If a coolie tries to abscond he may be arrested and the fine imposed must be worked out by him. The treatment of the laborers and the performance of the contract regulations are strictly supervised by the government officials.

In East Sumatra a large number of Chinese contract coolies are employed,¹ many of whom are held in permanent debt bondage. Gambling among the Chinese laborers is encouraged by the employers, as it keeps the coolies in constant need of money and enables the employer to maintain his hold upon them. They are subject, under the "Coolie Ordinance," to the almost unlimited power of the employer, which is often exercised in a cruel and inhuman manner. In the German colony of Samoa, Chinese laborers may be imported with permission of the government. They are not, however, allowed to acquire land or to engage in commerce, except upon special permission, which is rarely granted. In Madagascar a decree of 1903 makes complete regulations concerning labor contracts, the rights of immigrants to their return home, and their special delicts. Imported contract labor was used for a long time

¹ In 1900 the number was 36,500.

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in the sugar industry of Hawaii, but it was abolished after the annexation of the islands to the United States.¹

After much bitter discussion the British government in 1903 finally permitted the importation of Chinese contract labor to be used in the Transvaal mines. The ordinance surrounds the importation and the contract with the usual safeguards, it fixes the contract period at three years, it does not limit the numbers to be imported, and it provides that the Chinese are to be used only for unskilled labor. The exploitation of the Transvaal mines has received a great impetus through the presence of an abundant and steady labor supply, but the political expediency of the measure is still more than doubtful. For though skilled employments are in terms reserved to whites, it will manifestly be very difficult to draw a definite line between the two kinds of labor and it is likely that the Chinese will gradually encroach more and more on the white employees. The political aim, announced by the government at the end of the war, of introducing enough English settlers to counterbalance the Dutch is therefore not visibly advanced by this legislation. Moreover, should there be a sufficient labor supply to operate all the mines simultaneously, though there would then be work enough for large numbers of white artisans, the probabilities are that within a generation the mines would be

¹ The governor of Hawaii in 1905 proposed a partial return to the system.

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exhausted and the English white population would suddenly lose its means of livelihood, not having had the necessary time for developing a general economic life in the colony. Though the ordinance provides that Chinese coolies shall not engage in trade, or hold land, or perform skilled labor, it cannot prevent the coming of independent Chinese merchants and workmen in the train of the contract coolies. Only a general Chinese exclusion act, which the British government for international reasons does not desire to pass, could prevent a steady stream of independent Chinese immigration from being started. In order to avoid lasting harm from the introduction of Asiatic labor, both to white settlement and to the development of the negro race, the movement will have to be closely controlled, and so regulated that as the supply of Kaffir labor becomes more abundant the importation of coolies shall be proportionately reduced.

In general it may be said that though the administrative control of imported contract labor in the British colonies has been very careful and efficient, the system has a number of very grave defects. The importation of coolies constitutes a serious discouragement to the immigration of free labor. It is therefore inadvisable in countries which can be peopled by European workingmen, as it is impossible for the latter to compete with the cheap Oriental labor supply, and as they are consequently kept from the regions invaded by it. The moral effects of the system, too, are

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undesirable. A large body of male adults, taken away from their home surroundings, are placed for a time in an entirely strange country, in which usually they are not permanently to make their home. They are under artificial regulations and live under the conditions of an encampment. It is not surprising that they are prone to vice of all sorts, and that their influence upon the lower classes of the local population is not good. From the economic point of view the system has been criticised as being too expensive because it requires the transportation of laborers for long distances and also necessitates a complicated system of supervision. The laborers have no special incentive to do good work—they have no interest in the country or its industries, nor any but the slightest contact with their employers. The system has therefore not always been found economically profitable. Nevertheless, its temporary use will in certain cases be advisable in colonies with very large natural resources, which the native population cannot be induced to develop. It is, however, not a system that commends itself as a normal and final method of solving the labor question in the tropics, and it certainly calls for the strictest safeguards for the protection both of the contract laborers and the local native population. The question of contract labor must not be confused with that of the immigration of independent Chinese workmen, which brings up considerations of a different order.

It is interesting to note how great an extension

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of state functions is implied in labor contract supervision. The state determines whether contract laborers are to be imported at all, and exercises a strict control over the methods of importation. It fixes the contents of the labor contract, and supervises the execution of its provisions and the general treatment of the laborers. Breaches of contract on the part of the laborer it visits with punishments ordinarily reserved for crimes against the state. In a word, the whole matter of labor contracts is treated as a part of public law.

Forced Labor.—From the employment of contract labor to the use of direct force for compelling industry on the part of the natives would seem to be a long step, yet this policy is neither without advocates nor without precedents even in European colonies. Most all the populations with whom the European nations are coming into contact were formerly accustomed to some manner of forced labor without remuneration, but it was one of the boasts of the European powers that they would abolish slavery and forced labor of every kind. This promise has been partly made good—an honest war has been waged against the slave trade in Africa, and the *corvée* has been done away with in most colonies. Thus it has been abolished by Great Britain in Egypt, by France in Algeria, and by Holland its commutation has been begun in Java and Madura. But while abolished in their old form, slavery and the *corvée* are constantly pushing their way again

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into colonial administration under new and less suspicious guises.

The colonial administration in Tongking first tried Chinese coolies in railway construction work, but as they found them a disobedient, robbing horde, they had recourse to forced labor recruited among the Annamites. This resulted in a great loss of human life on account of the insalubrity of the region, and consequently forced labor was avowedly abolished. But at the present time, for works of general interest, the villages are obliged to furnish coolies at a rate of ten cents per day. As the money is paid to the villages and not to the laborers, the *corvée* for public purposes has thus, in substance, maintained itself. In Madagascar, General Gallieni in 1899 established a *corvée* for the building of roads and railways. In order to assist the French settlers in securing a labor supply he further ordered that those natives who were under an engagement to work for colonists were to be excused from the *corvée* services. As it was impossible to prevent defrauding of the government under this system a change was made in 1901, and the use of labor contracts with a penal sanction was substituted.

In the Dutch East Indies a most extensive use of *corvée* services was made under the culture system. Together with the abolition of this system and the restriction of the use of forced labor on the government coffee plantations, the government established the policy of gradually commu-

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ting the various remaining customary dues to money payment. By a law of 1882 the services due to the native chiefs above the rank of village headman were abolished, and in their place a head tax of one florin was imposed, out of which the chiefs were to be remunerated. The surplus realized was to be used for a further commutation of the labor dues. This has not, however, progressed very rapidly and the government still exacts services for periods varying from 12 to 42 days per year in the different districts. The natives are obliged to assist without pay in the building and maintenance of roads, dams, waterworks, bridges, and dikes, in doing duty as watchmen, and in constructing irrigation works. These services are in the nature of a tax, being performed for a public purpose.

In the African tropical colonies labor services are often obtained by control exercised through the chiefs. In the German colonies the natives are in this manner obliged to perform works of public utility, and in general they are not unwilling, especially when the work is seen to result in direct benefit to their particular village or district. In Kamerun the natives have even been taught to build and maintain roads with very little European control and supervision. They have come to realize the importance of good communications, and under the leadership of their chiefs, are keeping up the work without much urging from the European authorities. The system of obtaining labor through the chiefs is also used most suc-

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cessfully in the French West African colonies, especially in Senegal and Dahomey. In these colonies, the natives are paid a fair remuneration for their work, which is not always strictly of a public nature. In Dahomey the embankment of the railway was built entirely by labor thus secured. Pressure was brought to bear upon the chiefs, who secured large numbers of native laborers; the latter were honestly and regularly paid, and no dissatisfaction resulted.

The system of the *corvée* is exceedingly reprehensible when employed for the advantage of purely private undertakings. In Matabeleland, according to the report of a special commissioner, the young men of the Avagansi (the higher class of natives) were called upon to work for Europeans two months in the year. This they refused to do, because they claimed that their serfs were already working in their behalf. But the mounted police were used to "round them up" and to bring them before the native commissioner, who distributed them among European employers. The officials of the British South Africa Company refused to admit that forced labor existed in their territories, but this is a mere question of words as it cannot be denied that the system described above was used for some time. As a result the natives came to believe that all their rights had been taken from them, and they sought refuge in revolt.

The system of forced labor has assumed its most outrageous form in the Congo Free State.

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Not only are the natives here forced to work for the government and its favored companies in gathering the products of the forest for a mere nominal remuneration, but a large number of able bodied men are reduced to the condition of practical slavery in the so-called public force. This body, which is officially reported to consist of 15,000 men, but which according to the opinion of travelers and explorers is far larger, is used almost entirely for industrial purposes. The "soldiers" hold the native villagers to a strict performance of the services imposed upon them by the government, and they are themselves constrained to labor a large part of the time as carriers, in the construction of public works, and in gathering the forest products. By the natives, enrollment in the army is looked upon as no better than slavery; and the manner in which the *force publique* is employed in heavy portage and other work which was formerly done by the slaves, leaves but little doubt that this population is actually being enslaved under the fair name of liberation, for the benefit of the government and its privileged companies.

In Portuguese West Africa the *corvée* was originally introduced for the purpose of the construction of public works. With the assistance of the authority of the chieftains, natives were enlisted, and a nominal pay was allowed for their services. But soon the government permitted these native labor forces to be leased out to private individuals and corporations under the forms

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of the penal contract system. The result has been a general recrudescence of slavery. The natives thus drafted into service are used to do the work of carriers for long distances and to toil upon the plantations, without any reasonable hope of ever having their liberty again.

Slavery.—Meanwhile the struggle against slavery is being continued by the European powers. The strictest repression of the slave trade is indeed necessary from every point of view, as this cruel traffic leads to the worst kind of suffering on the part of the natives. But the institution of domestic slavery must be abolished somewhat more gradually, as its immediate destruction would result in the greatest disorder and in the unsettling of all native social relations. Moreover, as we have seen in the case of Zanzibar,¹ the native serfs are generally not anxious to leave the employment of their masters, and are helpless if suddenly freed. Colonial legislation in general either does not recognize the institution of domestic serfdom or tries to prepare the way for its abolition. A law in Togo (1902) provides that the children of house slaves born after the proclamation of the respective act shall be declared free. It prohibits self-sale and the transfer of slaves, and it does not admit serfdom for debt. Slaves of undutiful and cruel masters are to be freed and all abuses of the relation are strictly repressed. Slave traders are punished with life imprisonment and in serious cases with death.

¹ See page 66.

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In Nigeria serfdom was abolished in form, but the authority of the head of the household is recognized by a later ordinance (1901).

From what has gone before, it will be seen that while with a blare of trumpets they announce the abolition of the native institutions of serfdom, which are in many cases mild and do not involve great suffering on the part of the serf, some European colonial governments are introducing systems of forced labor which actually result in far greater hardship than domestic serfdom considered by itself. Of course it would be difficult to imagine that any system introduced by the European powers could equal the abominations of Arab slave raiding, but there is some danger that the new methods of forced labor may be far more disadvantageous to the natives than was the rather mild form of domestic serfdom as it exists in many parts of Africa. That serfdom will be effectually transformed by legislative enactments and by the growing economic development of Africa may be expected with confidence, but the plainest justice demands that in its place there shall not be erected under the sanction of European legislation a system far more disastrous in its consequences upon the natives.

The impression is abroad that the natives of Africa are disinclined to work and that some rigorous artificial means must be contrived for rendering them industrious. Blunt individuals speak of them as "lazy, worthless brutes," while statesmen phrase their ideas in more considerate

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language. In a speech in the House of Commons of May 7, 1898, Mr. Joseph Chamberlain said: "The *corvée* existing in Matabeleland was of this nature—that the natives against their will were practically compelled to give a certain time of the year to ordinary industrial labor. It was not the whole of their time, but I think that it was for three months in the year that the native chiefs had to furnish a certain proportion of labor for the mines. . . . When you say to a savage people, who have hitherto found their chief employment, occupation and profit in war, 'You shall no longer go to war, tribal war is forbidden,' you have to bring about some means by which they may earn their living in place of it, and you have to induce them, sooner or later, to adopt the ordinary methods of earning a livelihood by the sweat of their brow. But with a race of this kind, I doubt very much if you can do it merely by preaching. I think that something in the nature of inducement, stimulus or pressure is absolutely necessary if you are to secure a result which is desirable in the interests of humanity and civilization."¹

¹ A most delicious example of unconscious irony may be found in an article of the Rev. C. Usher Wilson on "The Native Question and Irrigation in South Africa" in the *Fortnightly* for August, 1903. The reverend gentleman advocates a system of native labor conscription among young men. He says in substance: "A careful study of educated natives has almost persuaded me that secular education is not a progressive factor in social evolution. The salvation of a primitive people depends upon the force of Christianity alone, special attention being paid to its all-important rule, 'Six days shalt thou labor.' . . . In the education of the world it has ever been true that slavery has been a necessary step in the social progress of primitive peoples. . . . In the corrugated iron

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Character of Africans.—The opinion contained in expressions such as this in which all the various races of Africa are indiscriminately dismissed as worthless, is very crude and is entirely unjust to many of the native tribes of Africa. It is true that in certain parts of Africa the natives are shiftless, deceitful, and apparently unwilling to learn the industrial arts. But it is significant that this is true chiefly of those regions where all morality has been destroyed through the reign of terror of Arab slave raiding, or where the system of slavery was introduced by European settlers themselves in the earlier periods of colonization. In other parts, populations are found which according to the testimony of all competent witnesses are highly industrious and have a decided capacity for economic development. Among the races of West Africa many are endowed with excellent qualities. The Baudas and Wolofs of Senegal are industrious workmen, the Fulani or Fulbe show great ability in the raising of herds of cattle, the Mandingos of Gambia and the Toucouleurs of the Upper Niger excel as agriculturists. The Krumen have made them-

barracks of the conscribed labor forces, through all the five senses the tenets of civilization will be enforced." In these same corrugated barracks the natives are to be educated to a taste for the lentils which will be produced on the irrigation company's lands. He proceeds: "The Kaffirs had no centuries of slavery to teach them passive submission, yet the obligations which we owe the Kaffir will not permit us with honor to ourselves to thrust him aside as an unpromising pupil." With noble breadth of view he contemplates the "coming salvation of millions of fellow beings." Long live the corrugated civilization!

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selves indispensable on the whole West Coast as laborers and artisans, and the Hausas have evoked the admiration of all observers through their high qualities of energy, discipline, and intelligence. In the Gold Coast colony it was believed at first that the natives could not be induced to work—they were timid and avoided all contact with white men; but by treating them properly their confidence was gained, and now as many natives as are needed may be had for work. The Ashantis are very reliable workmen and have given great satisfaction as station masters and mechanics upon the Lagos Railway. In some parts of Africa, such as the Congo region, labor is on the whole scarce and inefficient. In the French Congo good skilled labor has to be brought from Senegal and Acra, and is paid very liberally, wages being as high as 175 francs per month. But in these regions Arab slave raiding has destroyed all civilization, and it is not a matter of surprise that the natives who are left are timid and unwilling to be drawn into relations with strangers.

When we consider the extent of the natural labor supply in Africa, it would seem that, if only the natural forces were allowed peaceably to assert themselves, every reasonable demand for labor would soon be satisfied. What Africa needs is justice and peace, in order that the populations may at last settle down to a social life that is not constantly interrupted by bloody warfare and murderous raids. If this settled condition

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is once established, population pressure alone will induce even those tribes who are most indolent, to make themselves useful. Thus far the African natives have not received much rational treatment. After being for a long time hounded by the Arabs, they even now, under European authority, fall into the hands of men who treat them as beasts of burden. Employment as carriers takes them hundreds of miles from their homes and as a return for their pains they are often paid in worthless trash. It has usually been found that wherever they are treated rationally and in a humane way, wherever they are promptly paid, wherever they see that labor benefits themselves and their villages, the natives of West Africa have shown themselves willing to work. As they are primarily agriculturists, they are anxious to return to their holdings in seed time and harvest season. They are therefore not ready to make engagements for a long period. But this of itself certainly redounds to their credit—they do not wish to neglect their home interests in order to earn a little more money in a strange country. The introduction of agricultural implements is having a very marked effect upon the habits of some of the South African tribes. The greatest abuse among many of them was that the work of cultivation was shouldered upon the women; generally the men take care of the cattle while the women do the farm work. But when the use of ploughs is introduced, the men begin to till the soil, because this work involves the

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management of draft animals, which is properly a masculine occupation. Industrial education, too, is already doing something to develop in the native African, technical ability and a greater love for work.

It is but natural that where the natives' self-interest can be enlisted, far better results will be obtained than from an attempt to force their efforts. In Hawaii, after contract labor had been abolished, the so-called purchase system was instituted. A company of laborers are given a lease of land; the planter furnishes them with seed, tools, and in fact with everything that they need for cultivation. The workmen till their fields and are paid according to the product yielded. The contract association is really a guild of laborers working together in a communistic fashion, and sharing the proceeds of their toil. It has been found that the men take the greatest care of their holdings, that they construct abundant works of irrigation, and that they are anxious to supply the soil with fertilizers in order that the product may be increased. The *metayer* system of Indo-China is based on a similar principle. The colonist hires native peasants to come upon his land and cultivate it; he supplies them with beasts of burden, seed, and implements, and the product is shared in equal parts between the landlord and his workmen.

When we consider the systems of forced labor in their general aspects many considerations suggest themselves which are entirely unfavorable

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to these methods. The use of force renders all labor a degrading occupation. What the serf and the slave are doing the freedman will avoid as long as he can. The system can therefore not be used as a means of educating men to a love of work. The argument is often made that every people must pass through a long course of training in which its ability to use its powers is developed and the habit of regular work is established. It is urged that slavery and serfdom was a school of this kind for the Western nations. The fallacy of this argument is apparent when we consider the effect of slavery upon the negro race in America. Upon emancipation the negroes were by no means fitted for self-support. They were not anxious to work; their whole desire was to avoid degrading toil and to live a life of ease, such as they had seen the gentlemen, their masters, enjoying. After their long schooling, they were ready to enjoy a perpetual vacation. Considered purely in its economic effect, a system of forced labor is exceedingly wasteful. Even under the most favorable conditions, as in the culture system of Java, a great amount of waste is incurred. The culture system was profitable to the government only because it took from the natives more than they could afford to give. Forced labor is wasteful because it necessitates constant governmental supervision, but most of all because it places the interest of the laborer directly in opposition to that of the employer. To do as little as possible and to shirk his tasks becomes the prin-

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cipal aim of the laborer, and it takes far more energy and eventually far more money to wring the work out of unwilling men, than it would require to build up industry on a free labor basis.

The African race is usually looked upon as savage and child-like, but it is well known to the observers of actual conditions, that the African has a highly developed sense of justice and that he is filled with bitter resentment when his rights are invaded. Although he may not be able to make himself heard in the forum of the world, and the injustice which makes him writhe is allowed to go unpunished, an economic system which rests upon his dispossession and his enslavement to those who have robbed him of his land, is not a proper foundation for lasting success in African colonial development. With the increasing mobility of social forces in Africa, the industrious races will naturally displace those who are worthless. Hindu laborers are coming in large numbers to the east coast, and the energetic and effective races of the West, such as the Hausas and the Fulani, will form a leaven for the economic regeneration of tropical Africa. It may well be considered whether it is not the better counsel to trust to the working of natural forces and to the encouragement of efficient native races, rather than to a policy which would stamp the entire population of Africa as savage and worthless, to be driven to work by blows and to be denied plain justice.

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CHAPTER X

DEFENSE AND POLICE

The external defense of the colonies depends primarily upon the navy, and its consideration belongs rather to national politics than to the subject of colonial administration. The naval system of a great empire is a unit no matter how far its influence may extend and how ramified may be the routes over which it attempts to exercise control; therefore as long as colonies retain their position of dependence their naval defense must be primarily in the hands of the mother country and controlled by a central admiralty.

In this chapter we are more directly interested in the colonial army as the instrument of defense which comes into immediate contact with the organs of colonial administration. The functions of the colonial army are of a threefold character. Its purpose is to defend colonial possessions against attacks from without, to preserve internal order by suppressing rebellions among the natives, and to assist in the development of the colony in times of peace by engaging in the construction of public works. In order to maintain the highest degree of military efficiency it is necessary that the *morale* and physique of the men

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in the colonial service should constantly be kept in the best condition through a system of combining warlike exercises with regular work in connection with the economic undertakings of the government.

The second purpose of the colonial army is one that calls for the greatest tact and circumspection, especially in countries newly subjugated. It is a much-mooted question how far native troops can be used effectively in the work of original pacification. The two most famous colonial conquests, that of Gaul by Caesar and of India by the British, were carried on with the assistance of large native contingents. The French, on the other hand, have used chiefly European troops in the work of conquest. It is undoubtedly a great advantage if opposing forces in the native states can be so manipulated as to work out the firm establishment of orderly government without too constant reliance upon an army of Europeans; but in the use of native auxiliaries it is very easy to fall into grave mistakes. From a military point of view it may be advisable to employ exceedingly fierce and barbarous native contingents for the purpose of rapid conquest, but if such tribes have already made themselves thoroughly well hated by the population to be subjugated, their use, entirely aside from the cruelty which it involves, is of decidedly doubtful wisdom, politically considered.

The functions of colonial troops differ from those of a European army especially in the use

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made of the former for general economic works of civilization. Both France and Germany (as well as Russia in her Asiatic possessions) are employing military forces for the construction of public works. By thus allying the military with the economic interests of the colony they gain a double purpose. The soldiery is kept busy at all times, the indolent degeneracy so easily brought on in tropical climates is prevented, and the public works of which a new colony is so much in need are constructed at a greatly reduced expense. In the tropics this régime is applied chiefly to the native troops; while the European soldiers take their recourse to exercise in athletic sports, in order to withstand the influence of the climate.

Various important considerations call for the separate organization of colonial and national troops. In the first place, it is not desirable that national army officers should receive their practical training primarily in colonial warfare. For, if the colonial service is not distinguished from the national army, officers who have won their spurs in the former will advance more rapidly on account of the greater opportunities for distinction offered by colonial warfare; they will therefore outrank the officers who stay at home and will arrive more easily at the supreme command. The evil results of such a situation were shown in the Franco-Prussian war, in which many of the mistakes on the French side could be traced to the fact that the French officers had gained their

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experience in Algerian campaigns. They quite naturally used their habitual tactics when they met the German army, without considering that this contingency required principles of warfare entirely different from those to which they were accustomed. Another ground for the separation of the two branches of the army, is that European troops always suffer great losses when engaged in service in the tropics. They have to acclimatize themselves and must practically change their constitution before they can become an efficient fighting body in a tropical country. A consideration of the colonial armies of the various great powers will more fully illustrate these general principles.

British Colonial Army.—The most important part of the British military system, the army of India, is divided into two parts, the British army and the native troops. Since the great Sepoy Mutiny the practice has been to maintain the ratio of European to native soldiers at 1:2, and to man the artillery chiefly with Europeans.¹ The British army in India is composed of Europeans recruited in Great Britain and detailed for service in India for twelve year periods.² The native army is organized separately, being recruited in India, chiefly from among the Sikhs, Gurkhas, and Rajputs. A garrison always embraces both

¹ A similar ratio of European to native troops (2:3) is observed in the military organization of the Dutch East Indies, where all commissioned officers are Europeans.

² At present it counts 74,600 officers and men.

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British and native battalions.¹ In order to utilize the military spirit among the natives, there was organized in 1888 a force called Imperial Service Troops. These are under the command of the native rulers, though the military instruction is given by British officers. The entire number of Imperial Service Troops is about 19,000. Indian troops have frequently been used in warfare beyond the confines of the Indian Empire. Thus in 1900, six regiments of British Indian troops and twenty-one native regiments were used outside of India on account of the South African and the Chinese wars. The number of troops sent by India to take part in the Chinese war was altogether 15,200, in addition to the battalions acting as a garrison in Hongkong. Considering this use of Indian troops the request brought forward of late that Great Britain should pay a part of the Indian military expenditure, does not seem unreasonable.

In Africa the British have made considerable

¹The native army is officered chiefly by Europeans. In the Indian army care is taken to differentiate between classes, to make use of special aptitudes, to foster pride of race and *esprit de corps* in order to increase the military efficiency of the individual units of the fighting strength. By concentrating certain tribes in certain regiments, race pride and feeling is fostered and enlistment made more popular. Sikhism, now almost entirely a military religion, has by the assistance of British efforts been revived and extended in order to broaden the recruiting grounds of the army. Particular attention is now being paid to the strengthening of the reserve, the improving of the condition of the native soldier, the increasing of the field from which raw material for the army is drawn, and the efficient military training of the tribes on the vulnerable Northwest frontier.

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use of native troops. The military organization in the West Coast colonies, the West Africa Frontier Force, comprises both British and native battalions. The permanent strength of the Force is about 8,000, and the troops are divided among the various colonies, the largest number being stationed in Nigeria. The most reliable native soldiers in West Africa are the Hausas, whose military traditions, splendid physique, and habits of discipline would render them desirable military material anywhere. The Rhodesian police, which is really a small army, being organized upon a military basis though entirely subject to the civil administration, is an exceedingly interesting body. It is recruited largely from young British gentlemen who seek their fortune in South Africa and begin their work in this rather humble though adventuresome fashion. The Rhodesian police has done an exceedingly difficult and important work. In the pacification of Mashonaland one-half of the entire force was lost in a single year, but military activity went on uninterruptedly until the final suppression of the native uprisings.

The Egyptian army has been brought to a high degree of efficiency under the British commanders who have been in charge since 1882. The army comprises about 16,000 soldiers, recruited by selected conscription among the fellaheen of Egypt and by voluntary enlistment among the Sudanese. Four of the infantry battalions and one-half of the cavalry squadrons are commanded

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by Egyptian officers. All the higher commands are, however, filled by British officers, who must be able to speak Arabic and who are thoroughly familiar with the local conditions and with the character of the native soldiery. The efficiency of the Egyptian army was demonstrated under Lord Kitchener in the Sudanese campaign, when the most difficult and trying military operations were executed without fear by a race who twenty years ago were looked upon as arrant cowards.

The French Colonial Army.—After extended discussion and after the passage of several partial legislative measures, such as the laws of 1889 and 1893, the French colonial army has finally been given a fairly definite constitution by the law of July 7, 1900. The principal point of controversy in the Chambers, when this law was under consideration, was whether the colonial army should be attached to the department of the marine, or of war, or of colonies. Considering the specific character of the colonial army it was urged that it could fulfill its purpose only if it were placed under the charge of the colonial department and if the governors in the individual colonies, as heads of the civil as well as of the military administration, were made responsible for the defense of the colonies in times of war. But the opposite point of view prevailed in the French Parliament. The deputies feared that by giving the colonial department control of an army they would be establishing a third ministry of war and arranging the forces of the empire in such a manner that

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they could not be used effectively under a concentrated plan. They therefore placed the colonial army under the ministry of war, and enacted that while it existed primarily for the defense of the colonies it might also be used to protect the mother country, or in military operations outside of French territory. A concession was however made to the opposite principle by separating the colonial commands from those of the national troops, and by making the military forces within the colony subordinate to the civil power. It would seem that this arrangement might lead to great friction and inconvenience, should at any time the ministry of war and the colonial department disagree as to the policy to be followed. The principle of conscription, which the law of 1893 attempted to apply in some of the colonies, was abandoned in 1900, and the colonial army was placed on the basis of volunteer enlistment with a three year service period.¹ The forces stationed in Algeria and Tunis are a part of the French national army, and are not affected by the above legislation.

In 1902 a consultative committee of colonial defense was instituted, which has worked out a general plan for the apportionment of the 54,000 soldiers of the colonial army, outside of Tunis and Algeria, among the various colonies. The principles upon which the colonial military policy is to be based according to the recommendations

¹ There is no attempt at radical assimilation in this law, which is a good example of the present tendencies in French colonial legislation.

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of this committee are as follows: it is desirable to use troops drawn from the colony whenever possible, rather than contingents from the mother country, in order that the defensive autonomy of the colony may be developed; effort should be concentrated upon the most important colonies while the others should simply be given the absolutely necessary means of defense, such as arms, ammunition, and a militia organization; neighboring colonies are to be united in groups so as to concentrate their forces and to use them in the positions where they will be most effective, whether employed in the defensive or offensive. In applying these principles the committee proposed: first, to give the French population in the colonies military instruction for the purpose of training the men for defense; secondly, to form five groups of colonies, each to be under the authority of a single commandant; thirdly, to reduce the garrisons in colonies which on account of their lack of importance or the natural difficulties which they oppose to invasion, are not exposed to dangerous attacks, but to reinforce the troops of Indo-China and to organize them as a division. The last point, together with the efforts that are being made to found a strong naval base in Indo-China indicate how general is the feeling among French colonial statesmen that Indo-China constitutes the most promising colonial outpost of France, and how desirous they are to take an active hand in Chinese affairs. In accordance with the recommenda-

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tions of the committee, the French colonies have by law been divided into five groups, each of which is given a separate military establishment. This arrangement has very much increased the organic efficiency of the French colonial army. Together with the policy of constructing a series of strong naval bases, it forms a characteristic sign of the energy, understanding, and method with which the French are at present attacking the problems of their colonial policy.

Methods of General Gallieni.—The manner of establishing settled government without unduly antagonizing the natives, and the use of the army for the creation of large public works, have been raised to a science by General Gallieni, of Madagascar, whose system has attracted so much attention that it deserves more than passing mention. With respect to the pacification of new regions, General Gallieni lays down the principle that it should not be attempted to subjugate the native population by movements of strong columns of troops far from their original base. In a country whose population is hostile and whose physical characteristics are comparatively unknown to the invaders, such a policy cannot result in permanent peace and it will necessitate repeated conquests of the same region. General Gallieni therefore favors the policy of not conquering more territory that can be fully pacified and permanently kept under control. For the purpose of pacification he divides the territory into circles which are under the absolute control

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of a commandant. The circles are again subdivided into sectors, under the command of a captain or lieutenant. Each military officer tries within his sphere to establish friendly relations with the natives by studying their customs, acknowledging their native authorities, and making himself useful through the construction of public works. Should it become necessary to use force it must be made clear to the natives that the force is applied merely for the purpose of establishing order and good government; therefore, after a village has been partially or wholly destroyed by the troops, the soldiers after the battle must assist in repairing the ruined buildings. The natives who have submitted to the new government are given complete protection, because operations in any given area are not extended beyond the limit within which such protection can be made effectual.¹ However, the words of General Gallieni will express his policy most clearly. In his instructions of May 20, 1898, he says: "Territory in front of us is not to be occupied until after we have completely organized that which is to our rear; the natives who had not submitted the week before will aid us to-day, and will help us gain over the insurgents of to-morrow. We advance with a sure footing, and the last post occupied becomes an observatory, whence the commandant of a circle, a sector, or a district may examine the situation, may seek

¹ On account of the gradual extension of political control over a constantly widening circle, the system has been likened to an oil spot (*tache d'huile*).

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to enter into relations with the unknown elements which confront him and to utilize those which he has just subjected, and whence he may determine upon new points to occupy and prepare a fresh advance. This method never fails. It saves the country and the inhabitants and prepares them for being placed under our influence. It demands on the part of our officers many rare qualities: initiative, intelligence, activity, in order not to miss any occasion for gaining a foothold in countries yet unknown and unsubjected; prudence, calmness, and perspicacity, in order to avoid any set-back which would affect our prestige unfavorably and in order to know how to discern those elements which can be utilized in our progress. It is necessary to preserve the country and the inhabitants because they are destined to assist in our future enterprises of colonization and to be our principal agents and collaborators. Whenever the necessities of war oblige any of our colonial officers to act against a village or town, he must not lose from view that his first care, after the submission of the inhabitants, is to rebuild the village, to establish there immediately a market and a school. He must therefore avoid with the greatest possible care all useless destruction." The latter principle alone shows how absolutely different colonial warfare conducted upon rational principles will be from the ordinary warfare between hostile nations. In the latter case the prime object is to inflict as much injury as possible and to weaken the opponent in every way.

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In colonial warfare the first care of the officers should be to impress the natives with the feeling that force is used only to bring about pacification and the establishment of order, and that there is no vicious desire to harm them or destroy their prosperity.

The second part of General Gallieni's program, the use of the colonial army for the purpose of introducing the works of civilization, though undoubtedly to be commended on account of its effect on the army itself, does not always produce the most favorable results in public works. For while the military organization contains much ability and force that can be utilized for the economic advance of a colony, the methods inseparable from it are not flexible and adaptive enough nor is the average military officer sufficiently practised in ordinary affairs and sufficiently ready to admit the occasional fallibility of military authority, to make such work always entirely satisfactory and successful. In Madagascar itself many undertakings were carried on by the military authorities which would have immediately impressed the engineering expert as a wasteful expenditure of energy—such as the various works executed in and near Ambato, a place without economic resources or future.

The German colonial army is entirely distinct from the imperial forces. It was given its organization by imperial decree in 1898. In Kamerun and German East Africa the colonial army is composed of native soldiers officered by Europeans.

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In East Africa the Sudanese are admitted to minor positions of command. They form the most excellent troops on the East coast, though other tribes of East Africa who have more of negro blood in their veins are also being trained up into efficient soldiers. In Southwest Africa and in Kiaochau, on the other hand, white troops have been used almost entirely. Their use has, however, proved very expensive, and efforts are being made at the present time to enlist larger numbers of Chinese and of South African natives and thus to reduce the European contingent.¹ The German colonial army, following the French example, is also employed in the construction of public works, such as roads, railways, and public buildings.

The Congo Free State, the administration of which has specially engaged our attention in our discussion of public domains, has a public force of over 15,000 natives officered by Europeans. This *force publique* is, however, an army only in name, although it has a military organization. It is composed of natives who are nominally enlisted as volunteers but who are in effect forced to serve by the government. The term of service of the soldiers is four years in the regular army, and twelve years in the reserve. With admirable irony the administration of the Congo Free State keeps up the phraseology of anti-slavery. Men

¹ The present long-continued and expensive war in South West Africa shows the difficulties which even the most efficient military organization may encounter in colonial uprisings.

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who in the interior have been held in a mild form of domestic serfdom are "liberated" and placed in the army of the state. Here they are employed in exacting the payment of taxes and labor dues from the natives, and in putting down revolt. But the *force publique* is itself used for the heaviest kind of work, such as carrier services and labor on the government plantations. The government has not hesitated to admit to the ranks of its army the cannibals of the Upper Congo, who reinforce the work of their muskets by more primitive methods and spread what the government may consider a wholesome terror throughout the native population along the Congo.

The Army in the Philippines.—The United States so far has no specially organized colonial army. The history of the warfare in the Philippine Islands, although it redounds so favorably to the military qualities of the American soldiers, exhibits in a striking way the undesirable consequences of using in a colonial warfare a white army not specially trained or organized for that purpose. In the first place the cost of the campaign which in some years ran up to as high as \$150,000,000, was so enormous that only a nation exceedingly rich and lavish in the employment of public funds could afford such an experiment; but even the richest nation would hardly care to repeat it. The organization of the army, too, was not adapted sufficiently well to colonial warfare, while the methods of warfare were applicable rather to an international combat than to a colo-

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nial campaign. While ultimately successful from a strategical point of view, they created a feeling of bitter hostility in the minds of the inhabitants.

The method of expeditions by columns was used and frequently a region was subdued only to be evacuated again shortly after; the inhabitants who had been forced to accept the authority of the United States were thus left to the tender mercy of the insurgents. The policy of reconcentration was also employed; not, to be sure, accompanied by all the cruel abuses that characterized the system in Cuba, but nevertheless causing great distress and economic loss among the natives. Employment of native auxiliaries was not considered until after the opportunity of enlisting the Manila Civil Guard and the Philippine regiments drilled by the Spaniards had passed away. Then the United States troops allied themselves with the Macabebes, a most savage and cruel tribe, bitterly hated by the more peaceful natives upon whom they had long preyed.

Later in the war, however, the American army began to adapt itself admirably to the special character of colonial campaigns of pacification; witness especially the road building on the island of Mindanao, where the Moro population was with great tact persuaded to take part in the work.¹ The native contingents in the army were gradually increased and various tribes were

¹ *The Atlantic Monthly.* 92: 818.

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drawn upon. The principle is now fully established that the Philippine army should consist very largely of native troops. In 1904 the strength of the army in the Philippines was 12,000 white troops, 5,000 native scouts associated with the army, and, in addition, a native constabulary of 6,900 men. The United States could not wish for better fighting material than the natives of the Philippine Islands who had already under Spanish rule been trained to the profession of arms with great success. The Chinese, too, might eventually be used in case of need to constitute a part of the military contingent, because wherever they come under European instruction, as they do in Kiaochau and in Hongkong, they make excellent soldiers and military policemen.

After having considered the strength and organization of the various colonial armies, the question suggests itself as to how far military force should be employed for the subjugation of internal regions, for instance on the continent of Africa. The international law concerning the occupation of territory has determined that a claim of sovereignty over any region is invalid without the exercise of an effective control, mere symbolical occupation being insufficient. But the campaigns in the interior of Africa,¹ as well as the experience of the United States in the Philippines and the colonial wars in Tongking, in Atchin, and in South West Africa, have amply

¹ The experience of the French in the region of Lake Tchad in Africa fully shows the risks and dangers of too active a forward policy in Africa.

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proved that an attempt to establish such control permanently and maintain it constantly by means of military conquest and occupation alone, would entail an expenditure too great to be borne by the colonies in question. Military force is normally employed to break down original resistance or to suppress widespread insurrectionary movements, but unless this work of the army is seconded and in ordinary times entirely superseded by other agencies, colonial enterprise would soon have to be abandoned as too costly. More effective methods of pacification are primarily the tactful management of native leaders with a full recognition of the organization of native societies, and the enlistment of native support and sympathy by the introduction of reforms plainly advantageous to the natives themselves. In this way British control was established in Nigeria and in the Malay Federated States, and it has proved far more effective than had it been based merely upon military conquest.

Colonial Police.—Another agency that ought to take the place of the army as soon as possible in the work of maintaining order is the colonial police. The functions of the colonial police differ materially from those of the army. The activity of the army is directed against insurrection, it meets force with force. The function of the police is preventive and protective. Through its secret service it seeks to keep in touch with all the movements of native opinion so as to be able to counteract any strong tendency toward fac-

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tionalism or insurrection. It thus anticipates what the army would ordinarily allow to ripen into an open rebellion to be put down by armed force.

The organization of the colonial police presents many difficult problems. Where for any reason the government is not securely established or has ground to fear popular movements of opposition, the secret service is of prime importance. Nowhere is this branch more perfectly organized than in the Indian Empire, where the operations of the survey are used to veil the activities of the secret police in the frontier regions and in districts liable to disorder. An important distinction exists between military and civil police. The former is virtually an army with a firm military organization but placed under the direction of the civil authorities. Thus, the military police of Burma, recruited from natives of India and officered by Europeans, constitutes practically an army of occupation with police functions directed by the civil government. The Philippine Constabulary is also a military police which is gradually superseding the army in the pacified regions, being assisted by troops only in case of wide-spread insurrection. This force was first organized under authority from the Commission by two officers who were both thoroughly familiar with the local conditions and with the Philippine people. The inspectors are appointed on the basis of competitive examinations; they should know the dialects of the Filipino tribes

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among whom their work is to be done; the lower officers are natives. It was at first difficult to keep this police force from preying on the native populations, but by Act 691 of the Philippine Commission the discipline of the corps was so thoroughly established and it has been on the whole so strictly enforced that at the present time the abuses have decreased and the large area of pacified territory, about four-fifths of the Philippine Islands, is kept under control by this force of 6,900 men, of whom the rank and file are all natives. Only a few times has the civil governor been obliged to call upon the commanding general to assist the police in establishing order in districts considered as pacified.

As the military police is usually employed in countries that are not completely pacified, its members are ordinarily taken from localities different from those in which they serve. Thus the Burma police are enlisted among the Sikhs and Gurkhas of India. In the African colonies the Hausas have been used as a military police in regions far distant from the seat of their race.¹ The civil police, on the other hand, is usually recruited from the inhabitants of the locality itself, as it will be assisted in its work by its familiarity with special local conditions. In Oriental countries there usually exists a native village police, the use of which has been continued in many of the European colonies. The

¹ The Philippine Constabulary has, however, been recruited on the principle that a body of police should serve in a region with which it is familiar through long residence.

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Dutch have taken advantage of this institution in its original form; they do not pay the local watchmen and policemen who serve by rotation, and the police expenditure in the Dutch East Indies is therefore not heavy. In colonies where the Chinese are numerous, special police regulations are generally made and special police officers appointed for their settlements.

The employment of natives in the colonial police is made absolutely necessary by the great expensiveness of a European personnel. In India, where the police forces number 65,000,¹ the employment of Europeans would of course be entirely out of the question, and the same situation exists in tropical colonies in general. It is, however, often very difficult to find among the native population satisfactory material for this service, as the natives are inclined to use their official power to take revenge upon their enemies for any former injury and to practise general extortion upon all who are not strong enough to resist them. In countries long accustomed to despotic and corrupt government a native official eagerly seizes the opportunity to act as a petty despot. Thus, the corruptness and tyranny of the native police in colonies has given the government no end of trouble.² The civil police force

¹ This is exclusive of the military police and of the *chaukidars*, a native rural police of uncertain efficiency.

² The cruelty and insolence of the native police of Sierra Leone contributed largely to the uprising of 1899 in that colony. The most efficient native police of Africa are the Hausas, being incorruptible, courageous, and fairly impartial.

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of British India bears a very bad reputation on the score of bribery and the trumping up of unjust charges against natives in the hope of extorting money. The British police inspectors have everything against them in their effort to establish honest methods in the police administration. Not only are the Indian populations accustomed to a despotic exercise of power but they even appear to see no unbearable grievance in that form of extortion which is so absolutely unendurable to the European. The Indian police are poorly paid, receiving on the average about 170 rupees a year. In the poverty of the Indian exchequer and the general supineness of the Indian people under local misgovernment are to be found the chief reasons for the persistence of the grave abuses in the Indian police system.

When we ask ourselves by what means the abuses that so frequently occur on account of the employment of natives in the police service can be corrected, it is difficult to give a definite answer. As long as the police retains a military character, the administration may select its men from among the tribes which exhibit in a higher degree the virtues which we demand of the efficient guardian of order. But when the police becomes localized this recourse is no longer possible and it will require careful supervision, strict punishment of corruption, and intelligent instruction to make the native policeman realize the responsibility of his position. In this matter the colonial government should save no expense. The

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police should be educated, as they are in Egypt, to know the law under which they act, as well as the responsibilities and duties of their office. They should be carefully supervised and acts of extortion and cruelty should be punished with instant dismissal so as to impress the native mind strongly with the incompatibility of such practices with a position of trust. But when we remember what conditions are possible in the police administration of civilized American cities, we will be forced to admit that long patience will be necessary in dealing with the police question among populations where the first ideas of civilized government and administration are still to be created.

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